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Daily Report

East Asia

**FBIS-EAS-94-218
Thursday
10 November 1994**

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Daily Report

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Preparations for APEC Leaders Meeting Continue

Draft Human Resources Declaration

OW0911140094 Tokyo KYODO in English 1340 GMT
9 Nov 94

[FBIS Transcribed Text] Jakarta, Nov. 9 KYODO—The following are highlights of the draft of a declaration on human resource development, obtained by KYODO News Service, to be issued by Asia-Pacific Economic Cooperation (APEC) forum ministers in Jakarta:

Objective

—The objective of APEC human resources development is the well-being of all people in the region through economic growth and development, achieved by appropriate education and training, including APEC ministers' policy recommendations when appropriate.

Priorities

- Providing quality basic education for all.
- Analyzing labor market conditions to forecast trends.
- Improving supply and quality of managers, entrepreneurs and educators in such areas as smaller businesses, entrepreneurship and management of economically and environmentally sustainable growth.
- Reducing skill deficiencies and unemployment through lifelong worker training.
- Improving curricula, teaching methods and materials for education and training.
- Boosting opportunities for those seeking needed skills.
- Fostering productivity amid economic and technological changes.

Work Plan

—The APEC human resources working group will compile annual work plans, defining priorities and setting means to achieve them, with the final annual report to be prepared for the first APEC senior officials' meeting.

SOM Endorses Declaration

OW0911144194 Tokyo KYODO in English 1405 GMT
9 Nov 94

[FBIS Transcribed Excerpt] Singapore, Nov. 9 KYODO—Senior officials of the Asia-Pacific Economic Cooperation (APEC) forum Wednesday [9 November] endorsed a draft declaration to boost cooperation in human resource development in the Asia-Pacific region, officials said.

The draft declaration, obtained by KYODO News Service, urged APEC's 18 economies, including member-to-be Chile, to "consolidate and concentrate their efforts in human resources development to produce tangible economic benefits."

The document is scheduled to be adopted by APEC foreign and trade ministers when they meet in Jakarta on Friday and Saturday ahead of a informal summit meeting of APEC leaders next Tuesday in the nearby resort of Bogor.

Entitled "Declaration: A Human Resources Development Framework for the Asia-Pacific Economic Cooperation," it calls on APEC's existing human resources working group to prepare an annual work plan for the subject.

"The work plan is to define the priorities for HRD [human resources development] activities in APEC and set out the means for their realization in the immediate and longer terms," the document says.

Cooperation in human resources development (HRD), targeted at the less developed member economies, is nothing new to APEC. Its HRD working group is involved in some 30 projects aimed at improving the skills of private and public sector managers and workers, particularly the role of managers in the development of small scale enterprises. According to the document, the objective of human resources development in APEC is "to promote the well-being of all people in the region through economic growth and development."

"This is to be achieved by advancing the design, development and delivery of practical and appropriate education and training for current and future managers, entrepreneurs, and workers in both the public and private sectors." "In appropriate cases, the objective is to be achieved through the medium of policy recommendations for the consideration of APEC ministers," it says. But skeptics dismissed the five-page document as a mere political statement to aim at pleasing this year's APEC chair country, Indonesia, which has made HRD one of the main priorities for this year's APEC annual ministerial and informal summit meetings. Indeed, the document was conspicuously short on details about how to implement HRD cooperation in APEC. [passage omitted]

Indonesia To Chair Task Force

OW0911143194 Tokyo KYODO in English 1305 GMT
9 Nov 94

[FBIS Transcribed Text] Jakarta, Nov. 9 KYODO—A Japanese proposal Wednesday [9 November] that Indonesia chair an APEC Secretariat task force was approved by senior officials of the regional forum, an Indonesian official said.

The Senior Officials Meeting (SOM) of the Second Asia-Pacific Economic Cooperation (APEC) Forum

Summit, being held in advance of a ministerial meeting, agreed the same day to establish the task force as proposed by Japan to conduct the Secretariat's functions more effectively.

"All delegates have agreed with the proposal to appoint Indonesia as the chairman of the task force," said Wisber Luis, chairman of the meeting, adding the task force has to present its first report at the second SOM in Sapporo, northern Japan, next May. The task force, Wisber said, will open for membership after being approved by APEC ministers in their meeting starting Friday.

APEC groups Australia, Brunei, Canada, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand, and the United States. Chile will join the forum at the ministerial meeting.

Alatas Cited on Task Force Goals

BK1011141894 Jakarta ANTARA in Indonesian 0846 GMT 10 Nov 94

[FBIS Translated Excerpt] Jakarta, 10 November (ANTARA)—The establishment of a task force aimed at enhancing the efficiency of the APEC [Asia-Pacific Economic Cooperation] Secretariat does not mean that the institutionalization of APEC is under way, said Foreign Minister Ali Alatas.

"The establishment of the task force, as agreed at the fourth senior officials meeting [SOM], is designed to find out whether the existing Secretariat is adequate. I believe that the establishment of the task force is something normal in terms of organizational structure," he said to reporters after holding talks with Ht Chau, Hong Kong minister of trade and industry [name and title as received] at the Foreign Affairs Department in Jakarta Thursday.

On the second day of their meeting Wednesday, APEC senior officials agreed on the establishment of a task force aimed at boosting the efficiency of the APEC Secretariat, currently based in Singapore. Members of the task force have not yet been selected.

"The membership issue has not been discussed yet and is still open-ended [preceding word in English]. If the establishment of the task force is approved at the ministerial meeting, the task force headed by Indonesia will appoint members and begin work," said Wisber Luis, chairman of the fourth SOM. [passage omitted]

Little Progress on Investment Code

BK1011031994 Bangkok BANGKOK POST in English 10 Nov 94 p 6

[Report By Bangkok Post Reports From Jakarta]

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation are still at loggerheads over a voluntary code on investment regulations for the region.

In the second day of meetings here yesterday in preparation for ministerial talks this week, the US delegation has an aim to wrap up the code before the arrival of ministers.

The delegation has floated fresh proposals to raise the standard of certain items in the draft which it has perceived as inadequate.

While the majority of other APEC members could go along with non-binding draft investment principles which they have negotiated for a year and planned to adopt at this meeting, the US is aiming at a package of "high principles" that some other member countries feel exceed provisions under the General Agreement on Tariffs and Trade.

However, the US delegation argued that the content of the APEC's draft non-binding accord offered less than what is possible under the Trade-Related Investment Measures pact of GATT, a point that other APEC members including Thailand disagreed.

US officials have held series of consultations with various APEC delegations, as well as lobbying host Indonesia with a view to have this investment accord approved at official level, according to a senior APEC delegate.

Despite differences which officials are trying to resolve, US Deputy Assistant Secretary of State for East Asia and Pacific Affairs Sandra O'Leary until last night stressed the US delegation is "very anxious" for a successful conclusion.

"We have always worked in good faith with our APEC colleagues, and will continue to do so," she said, adding that such disagreements reflect the fact APEC is dealing with more and more meaningful and central issues.

South Korea's Ambassador Son Chun-yong who heads the APEC's Committee on Trade and Investment in charge of this code refused to give any clue whether those disagreements could be settled at the officials' meeting ending today.

"You can imagine any possibility... In any case, what comes up will be an improvement for the better," he told reporters yesterday after a chat with Assistant US Trade Representative for APEC Affairs Nancy Adams during the morning coffee break.

The South Korean ambassador said he could not predict whether this voluntary set of investment principles could be adopted at the official level. If not, APEC ministers will have to decide on the fate of this accord.

In an effort towards smoothing differences, the US delegation has proposed, among other things, to include clauses about input from the private sector, and a commitment to improve standards of principles contained in the existing draft, according to an Asian delegate.

Officials say they were prepared to work until wee hours in order to "wrap up loose ends" on this issue.

DRPK, SRV Touted as Future Members

*BK1011013494 Bangkok BANGKOK POST in English
10 Nov 94 p 6*

[Report by Suphaphon Kanwerayothin From Jakarta]

[FBIS Transcribed Text] North Korea and Vietnam have emerged possible candidates as the Asia-Pacific Economic Cooperation [APEC] opens the door for new membership in 1996. But the two Communist nations are yet to apply.

South Korea has thrown strong support behind North Korea's participation in APEC, in line with President Kim Yong-sam's announcement on Monday that Seoul wishes to take steps to promote North Korea's economic links with the rest of Asia.

"We're talking about the future—not immediate—eventual entry of North Korea to APEC. China has no problem with that," said Ambassador Son Chun-yong, South Korea's Assistant Foreign Minister who also chairs the APEC's Committee on Trade and Investment.

China, whose help is sought for a possible new link between Pyongyang and APEC, favours the idea as it would "help reduce political tension in the Korean peninsula," explained another South Korean delegate, stressing that the matter is at a conceptual stage.

Vietnam has unsuccessfully lobbied Indonesia to take part in this ministerial meeting, and has said it would seek APEC membership when existing members approve its entry.

APEC groups six ASEAN countries, Australia, Canada, China, Hong Kong, South Korea, Japan, Mexico, New Zealand, Papua New Guinea, Taiwan and the US, with Chile to be let in this week.

Further on 9 Nov SOM Proceedings

*BK0911153894 Jakarta Radio Republik Indonesia
Network in Indonesian 1200 GMT 9 Nov 94*

[FBIS Translated Excerpt] Listeners: We now take you to the Jakarta Convention Center to hear more about the APEC proceedings.

[Begin unidentified correspondent recording] Listeners: We begin with a report on the development of the APEC tourism sector. The APEC member countries need to consolidate toward continuity in the tourism sector and simultaneously placing importance on the environment. Speaking after presenting the working group's report on tourism to the APEC senior officials this morning, Assistant Minister of Tourism, Posts, and Telecommunications A.H. Nasution said the pact needs to be implemented because tourism worldwide absorbs about 200 million employees and brings in about

U.S.\$30 billion in foreign exchange. According to Nasution, to realize such a program, positive measures are needed among APEC member countries so that the tourism sector can provide a contribution to the region's future rapid development. He added that concrete measures are needed to support such a concept, which, among other things, can be undertaken through cooperation programs and development of human resources, as well as exchanges of information and experiences among APEC members.

The SOM's [senior officials meeting] second session lasted from 1430 to 1700 west Indonesia time. One of the most interesting discussions was the issue of human resources. When contacted by RRI this afternoon, Saodah, head of the draft committee, who is also the director of economic cooperation among developing nations, said various delegations in SOM were enthusiastic about discussing the issues of human resources, small and medium scale industries, and infrastructure development. She said the meeting called for more intensive efforts through the transfer of technology and personnel exchanges. In this connection, she also suggested that the government and the business sector together find new and orderly methods to develop human resources. [end recording] [passage omitted]

[Begin unidentified correspondent recording] Hong Kong proposed that infrastructure development within the Asia-Pacific region should be given to the private sector beginning from the construction stage all the way to the operational level. This was stated to RRI by the Hong Kong delegation leader to the SOM during this morning's session. Reporter Freddy Nun has the report. [end recording]

[Begin Nun recording] The concept of infrastructure development in the Asia-Pacific region proposed by Indonesia has attracted the attention of some SOM members today—the very strategic concept, namely the development of facilities and infrastructure such as roads, ports, and electricity. Hong Kong is the first country to agree with Indonesia's concept. Tony Muller, the head of the Singapore and Hong Kong delegation to the SOM also expressed his support for the idea of greater cooperation among APEC member countries. Muller also added that this idea would be similar to development of the container port in Hong Kong by the private sector, whereas most infrastructure development in APEC regional countries is undertaken by the government. Muller said such development needs trillions of rupiah. However, the Hong Kong Government did not face any problems regarding such development. [end recording]

[Begin Muller recording in English] It may [word indistinct] the world that this sort of infrastructure is funded by the government. In Hong Kong, we have made a deliberate decision that they will be built and operated by the private sector. [end recording]

[Begin unidentified correspondent recording] The non-binding investment principle has become an important

issue in this APEC meeting. Susastro, the Indonesia delegate, among other things, spoke about the issue. Correspondent Fami Kuadwela has the report. [end recording]

[Begin Fami recording] Susastro, the Indonesian delegate to the SOM session considered that the SOM delegates from 17 countries have the right to either agree with or oppose the three principles in question. Speaking to reporters at the Jakarta Convention Center after the second day's session, Susastro, the representative from the Pacific Economic Cooperation Council, said the Committee on Trade and Investment reported on the failure to achieve a consensus on the issue of non-binding investment principles. The issue, however, will be discussed at the ministerial-level meeting beginning on Friday [11 November]. He admitted that non-binding investment principles are a significant symbol in the APEC process. Touching on the issue of a joint agreement on forming a task force for the Secretariat, Susastro said this would be a follow-up from the previous agreement reached on implementation of the structure of the APEC Secretariat. The task force's duty is to review the APEC Secretariat's position and role every three years. [end recording]

[Begin unidentified correspondent recording] Until today, the SOM session has yet to solve many issues. Correspondent Jok Istri Andrawati has this report. [end recording]

[Begin Andrawati recording] The SOM, which began yesterday, has yet to solve many issues. Wisbur Luis, head of SOM, expressed his concern and dissatisfaction to reporters after the SOM's second session this evening. However, Luis said the senior officials will prepare all the materials before the ministerial-level meeting begins. Toward that purpose, all the SOM working groups and the head of the SOM delegations will continue their meeting tonight to discuss the issues and will reconvene tomorrow morning until midday. According to Luis, the most difficult issue to solve is the issue concerning non-binding investment principles. On the other hand, one of the issues solved is the improvement of APEC's Secretariat system. The task force's duty is to see the Secretariat become more effective and more professional. Apart from this issue, the SOM also discussed other issues which are connected with trade and investment. [end recording] [passage omitted]

Liberalization Target Date Debated

*BK1011025894 Bangkok BANGKOK POST in English
10 Nov 94 p 6*

[Report By Somphon Thaphanachai, Wichit Sirithawiphon, and Suphaphon Kanwerayothin From Jakarta]

[FBIS Transcribed Text] Asia-Pacific Economic Cooperation leaders are expected to declare plans to liberalise trade in the region when they meet here next Tuesday, but officials are still working out a target year for achieving the goal.

A consensus has emerged among the 18 APEC member delegations about the year 2020 as the target with varying conditions attached, but there is not yet an agreement whether to name the target year in the APEC Leaders' Declaration of Common Resolve to be issued after the summit in Bogor, a senior delegate said yesterday.

Indonesia, the host country, wants to see "a meaningful" APEC leaders' declaration which includes a target year to achieve free and open trade. But if this jeopardises consensus which is the operational rule of the grouping, it would rather opt out of specifying the year.

Delegates from South Korea, Japan, Mexico, Chile and Thailand said their countries are comfortable with the 2020 timeframe recommended by the APEC Eminent Persons' Group in their report issued in August.

The report, which APEC officials discussed here, suggested that industrialised economies could move faster with a lag-time of 10 years provided for less developed members, making 2020 the year when the goal is accomplished.

The US has made it known it favours just one target year because a dual timetable "may not be acceptable" to the Congress whose approval is needed for US acceptance of the pact, according to a delegate familiar with US thinking.

China, originally said to oppose committing to a specific target year based on its own economic conditions, indicated yesterday inclusion of a timeframe in the APEC leaders' statement is acceptable if it is allowed a 10-year time-lag, said one official.

China may also agree to a target year commitment for APEC liberalisation in exchange for better conditions for its bid to enter the World Trade Organisation, said another official.

Japan meanwhile has its own internal problems to settle. While the powerful Ministry of International Trade and Industry is enthusiastic about the 2020 target year for APEC liberalisation, its Agriculture Ministry insists that certain conditions must be met to protect the country's interests in the farm sector.

Permanent Secretary for Foreign Affairs Pracha Khunakasem said Thailand wanted to amend a few points in the draft APEC leaders' declaration. Deputy Prime Minister Suphachai Phanitchaphak said in Bangkok earlier a target year of either 2010 or 2020 was acceptable to Thailand.

Mexico "can live with the 2020 date", said Mexican Undersecretary of State Antonio de Icaza.

Chilean Director-General of International Economic Affairs Juan Salazar said his country had no problem going along since it had started the liberalisation process.

Korea is also comfortable with that target year and would like to see other members adopt the timeframe with room allowed for different blueprints for members with varying levels of economic development to move towards the goal, said a South Korean official.

In addition to the highlights on trade liberation within the region, APEC leaders are expected to call for successful formation of the World Trade Organisation by January 1 next year, said Mr Pracha.

In a related development, APEC senior officials yesterday approved the Japanese proposal to reform the APEC secretariat, said Indonesia's Ambassador Wisber Luis who chaired the senior officials' meeting.

A task force chaired by Indonesia will look into the issue of how to make the APEC Secretariat lean and mean, efficient and economical, to handle the workload under a set of guidelines approved yesterday.

Thai Official: Timeframe Not Important

BK1011035994 Bangkok THE NATION in English
10 Nov 94 pp B1, B2

[Report by Thanong Khanthong]

[FBIS Transcribed Text] Jakarta—The genesis of an Asia-Pacific trade bloc, rising to the challenge of the European Union [EU], will take on a clearer shape after the leaders of Pacific rim countries agree to set a timeframe to create a free trade area.

Whether that timeframe is going to be 2020 or 2010 is not important. The point is that building blocks have already been laid to support the creation of an Asia-Pacific trade bloc that will not only rival the EU but will also supercede the General Agreement on Tariffs and Trade (GATT).

"Don't look at the timeframe. That is an illusion. Once all the APEC leaders agree to a timeframe to create free trade, the meter starts to tick, and it can always be shortened to, say, the year 2005," said a Thai trade expert.

The Eminent Persons Group, an advisory panel, has recommended that the developing economies within Asia-Pacific Economic Cooperation bring down all their tariff barriers by 2020, against 2010 for developed economies like the United States, Canada, Japan or Australia.

Indonesian President Suharto's draft declaration on APEC free trade has suggested a timeframe of 2010, raising suspicions among Thai officials that it might lead to the creation of a trade bloc that will supercede the GATT.

In practice, once the timeframe has been adopted, there is a tendency for the developed countries, particularly the United States and Australia, to accelerate the free trade process to their own advantage. The average tariff

rate of the developed countries is 3 per cent. This means they have almost nothing to do to implement their commitment to tariff cuts.

Thailand's average tariff rate is 30-40 per cent. Malaysia, Indonesia and the Philippines also share relatively high tariff rates. These countries would suffer significantly if quickly forced to bring down tariff barriers to match the mighty economies.

More important, these ASEAN countries will, over the next few years, graduate from their developing status to join newly industrialized economies. "There is no way that they can commit themselves to tariff cuts when still in a state of development," said the trade expert. "Papua New Guinea will be the only country that might get exemptions as a developing economy."

The EU has been reported as showing deep apprehension about the move among the Asia-Pacific countries, led by the United States, to form a trade bloc. Already it is expanding to include Norway, Austria, Sweden and Finland next year. It is also moving strategically to embrace Eastern Europe, the Mediterranean countries and some African countries into a broader economic re-alignment.

Australia, which is unhappy with the GATT conclusion, has been the strongest advocate of the trade bloc. One of its diplomats says Australia prefers trade liberalization within the APEC countries to intensify, in a manner that will challenge non-member countries.

He is implying that if trade liberalization within APEC goes beyond the GATT, a process which will be completed by the year 2005, then it is fine with Australia which would like to forge stronger economic links with the Asia-Pacific countries.

This Australian stance means that APEC could well supersede GATT, a governing body for the global trading system, although APEC members have always proclaimed that any trade liberalization within the grouping will be GATT-consistent.

Another indication of APEC's momentum toward becoming a trade bloc is the question of most-favoured-nation status. This issue has not been settled as to whether the APEC members, while opening up markets to each other, should also extend their trade privileges to countries outside the grouping.

The Eminent Persons Group has suggested that APEC members should be free to extend or not to extend their trade liberalization to outside members, depending on their own economic policies.

US officials have made it clear that the US will only open its markets on a reciprocal basis, to countries that fairly treat US industries. The Thai trade expert says once this notion prevails, other countries are not likely to adopt the MFN, hence turning APEC into a trade bloc and restricting trade from the outside.

Next year will be even more crucial for the future of APEC, when member countries convene in Japan to work on details of implementing free trade. It is likely that an organization, say, an APEC unit, will be set up to study and supervise the creation of the Asia-Pacific Free Trade Area by the early part of the 21st century.

Free Trade Area by 2010 Proposed

*BK1011010794 Bangkok THE NATION in English
10 Nov 94 pp A1, A4*

[Report By Yindi Loetcharoenchok And Chirawat Na Thalang]

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation (Apec) were working late yesterday evening to revise a draft declaration after Indonesian President Suharto surprised even his own delegates by proposing that APEC countries start removing internal tariff barriers in 1996 in order to create an APEC free trade area by the year 2010 at the latest, officials said yesterday.

"We have to revise the draft because of the changed timeframe and we'll need to get it finished tonight because all the APEC ministers are arriving tomorrow (today)," said a Thai delegate.

It was not known whether senior officials charged with producing the final draft of the APEC Economic Leaders Declaration of Common Results would be able to compromise and delay the start of the APEC free trade area until 2000, as previously agreed. But it appears that summit host Indonesia is mounting an aggressive campaign to accelerate the introduction.

However, the Eminent Persons Group, an advisory panel to the 18-member APEC grouping has suggested that member states begin dismantling internal trade barriers by 2000 and finish the process by 2020. Members with developing economies would be allowed to delay this process and remove trade restrictions only after other states have done so.

Indonesian President Suharto has circulated an unofficial draft among APEC members which calls for the creation of an APEC free trade area by the year 2010; for APEC to liberalize trade barriers even more than called for under the General Agreement on Tariffs and Trade (GATT), and for the inclusion of service industries in the APEC economic liberalization.

"Even Indonesian officials are surprised by the Suharto draft. It goes far beyond what they had expected," said a Thai Foreign Ministry official.

Yesterday, Thailand was still making last-minute changes to the official position it will take at the meeting in Bogor.

Pracha Khunakasem, permanent secretary at the Foreign Ministry, is due to meet Bintoro Cokroamijoyo, Suharto's special envoy, at noon today to discuss the final draft declaration.

"Nobody can yet tell what the final draft declaration will look like. Bintoro is the only one who knows. He's been holding talks with all the APEC members," said Pracha.

Suharto is staking his reputation on this year's APEC summit with the unveiling of this aggressive free-trade proposal. He obviously intends to leave behind him the legacy of a "Suharto Round" or a "Suharto Declaration". 63-year-old Bintoro is skillfully lobbying all the APEC members in order to get agreement to Suharto's radical proposal. If he is successful, there will be drastic changes in the economic landscape of the entire region.

Pracha, who is liaising between Thai leaders and senior officials, indicated that this country still holds reservations on 3 or 4 key points in the Suharto draft.

"It's entirely possible that President Suharto may stand firm on his original proposal when Bintoro goes to see him next. We'll have to wait and see what happens," Pracha said.

The APEC Economic Leaders Declaration of Common Results contain two key points. First, it will call for APEC countries to ratify the Uruguay Round of the GATT paving the way for the creation of a World Trade Organization (WTO), a body to oversee and regulate international trade.

Last year's Blake Island declaration emphasized the need to successfully conclude the GATT Uruguay Round, something APEC has been pushing for since its formation in 1989.

The second major objective of the Bogor declaration will be to speed up liberalization of trade among countries in the Asia-Pacific region.

The International Economic Policy Committee, chaired by Deputy Prime Minister Suphachai Phanitchaphak, has stated that Thailand will support a proposal to create a free trade zone by the year 2010.

It will be impossible to do this any sooner as Thailand needs to remove tariffs in line with agreements under the ASEAN Free Trade Area.

Last Day of SOM Activities Reported

*BK1011092494 Jakarta Radio Republik Indonesia
Network in Indonesian 0700 GMT 10 Nov 94*

[FBIS Translated Excerpt] Listeners: Radio Republik Indonesia will now report on the ongoing APEC [Asia-Pacific Economic Cooperation] meeting from the Jakarta Convention Center.

[Begin unidentified correspondent recording] The last day of the APEC Senior Officials Meeting [SOM] is still going on and is scheduled to end this evening. Two working groups in charge of a draft agreement on investments and an APEC ministers' joint communique have been working hard since this morning. The results of their work will then serve as a guideline for the senior

officials to make a decision after their three-day meeting. The tough discussions are caused by U.S. opposition to three out of 12 principles on nonbinding investments in the Asia-Pacific region. [passage omitted on Indonesian ambassador's remarks]

Hadisusastro, an economic observer, said ASEAN will adopt a more pragmatic stand on the institutionalization of APEC as long as it benefits the regional grouping. Speaking to reporters during SOM recess time, Hadisusastro said that what is important is that the institutionalization process should not have a deadline as to when it should start. The benefits Indonesia will reap depend on what the country has to sacrifice. He added that ASEAN's joint stand toward APEC is that the institutionalization process must not be carried out in a hurry because APEC is simply a consultative forum. Therefore, ASEAN will adopt a pragmatic stand toward the institutionalization of APEC as long as it benefits the regional grouping.

(Bakri Harahap), one of the Indonesian delegates to the SOM, said today's SOM is proceeding well and in a friendly manner. He noted that the U.S. stand toward the three principles on investments remains unchanged. He, however, is confident that a consensus will be reached today and there is no need to refer any deadlock to the ministerial meeting, which will begin tomorrow. Commenting on today's discussions on the three principles of investment, he said the meeting has made some progress even though it is not very satisfactory. [end recording]

No Comprehensive Agreement Reached

BK1011132394 Jakarta Radio Republik Indonesia Network in Indonesian 1200 GMT 10 Nov 94

[FBIS Translated Excerpt] Listeners, we will now present the latest news on the APEC [Asia-Pacific Economic Cooperation] meeting compiled by our correspondent from the Jakarta Convention Center.

[Begin recording] [Unidentified correspondent] The senior officials meeting [SOM] ended this evening after three days of discussions, but a comprehensive agreement has not been reached. Discussions on the three principles of nonbinding investments will continue tomorrow at the ministerial meeting. In his effort to narrow the differences of opinion at the SOM and seek a point of convergence at the ministerial meeting, Australian Foreign Minister Gareth Evans held a meeting with his Indonesian counterpart Ali Alatas. Speaking to RRI, Evans said he only spoke briefly with Alatas, but he discussed several issues with Hartarto, the Indonesian coordinating minister for trade and industry. Both Evans and Hartarto, who are chief delegates to the ministerial meeting, will make efforts to convince other countries' delegates to agree to several issues on business and trade.

[Evans, in English] Also, there are a lot of issues, like small and medium enterprise development, human

resources development, cooperation in infrastructure projects, which are [words indistinct].

[Correspondent] Evans said Australia and Indonesia have held discussions on several cooperation programs which will be used as a guideline at the ministerial meeting. Cooperation in infrastructure projects, small and medium business development, and human resources development are important to the two countries. [end recording] [passage omitted]

'Consensus' Reached on Investment

BK1011150194 Singapore Radio One in English 1400 GMT 10 Nov 94

[FBIS Transcribed Text] Senior officials of the Asia-Pacific Economic Cooperation [APEC] forum ended their three-day meeting in Jakarta with the consensus on non-binding investment principles. They were proposed by the Committee on Trade and Investment. The U.S. had initially objected to three principles—national treatment, performance requirements and repatriation, and convertibility.

Commenting on the positive outcome, the Singapore delegation spokesman said the decision demonstrated APEC's common resolve in promoting greater investment flow within the region. The reports will now be submitted to the foreign and economic ministers who begin their meeting tomorrow.

PRC Said Willing To Sign Trade Pact

BK1011090194 Melbourne Radio Australia in English 0630 GMT 10 Nov 94

[From the "International Report" program]

[FBIS Transcribed Text] Australia remains confident China will sign on to a free trade agreement for APEC [Asia Pacific Economic Cooperation]. That is despite a warning from Beijing that it will only support the proposal for free trade in the Asia Pacific region if the timetable is very flexible. Australian Trade Minister Bob McMullan has left Canberra for the APEC ministerial meeting—the forerunner to the leaders' summit in Bogor. Prior to his departure, Radio Australia's Camille Funnell asked Senator McMullan how he rates the chances for APEC leaders to reach an agreement in Bogor.

[Begin recording] [McMullan] I think the chances are still better than 50-50. I mean President Suharto is a very significant figure in the region. He has given a lot of weight behind this proposal and he has strong support from others, including Australia, and I think there is enough support for that proposal to be adopted, but it is far from certain.

[Funnell] China has already made it clear it will only support a proposal for free trade if the timetable is very flexible, but that does not augur well for a meaningful agreement among the leaders, does it?

[McMullan] Well, in my discussions with the Chinese representatives, although I have not spoken to the president, I get the impression that their concept is something that is very flexible, is compatible with what we are trying to do. What we are [words indistinct] set everybody in one channel and say you all have to do exactly the same thing each month and each week and each year. We have just all got to get to the same ending point, and I think that is what they are after. I don't think they are concerned about the end point; I think they don't want to be locked in to say by 1 April you have got to have done this and by August because they have got an enormous transformation task in China.

My judgment is that they will be able to live with the end point provided they can keep pretty broad control of the process of getting from here to there, and we do not mind that as long as they get there.

[Funnell] Beijing has also warned, though, rejection of China's reentry into GATT would jeopardize the establishment of an APEC free trade zone. Don't you see that as a threat?

[McMullan] Well, I am not sure about a threat, but it is an issue that is in the background at the APEC meeting and at the leaders meeting. It is clear that China is very understandably concerned about its access to the GATT and the negotiations have been long and they are not over and they are probably not close to being finished. So this is an opportunity for them to raise that with a number of significant figures, not least of which is President Clinton, but I imagine with the prime minister and others, and it does not seem to me to be in China's interest in getting into GATT to disrupt—to use it to disrupt an APEC meeting—and I don't believe they will. They are very responsible people, but it is an issue in the background and will influence the tone of the meeting.

[Funnell] APEC officials have already deferred a decision on whether to adopt a new code to boost investment. Do you see that as a bad omen for this meeting if they can't reach an agreement on a voluntary code?

[McMullan] I don't think it undermines the broader issues, but it is disappointing that there does seem to be resistance to a very moderate and reasonable proposal that had been agreed at official level, I thought. It seems to me to be a modest and reasonable proposal that should be agreed and I am disappointed that there is some indication that people might not sign on to it, but it does not make me apprehensive about the bigger question. I think the free trade momentum is strong enough. That is more likely than not to carry us through, but there is a lot of work to do. We won't know for sure until the leaders have finished meeting.

[Funnell] Just on the point of Indonesia hosting the meeting, Canberra has raised concerns about Indonesia's apparent clampdown on dissenters in the leadup to the APEC meeting. What has been a response from the Indonesian authorities to your words of concern?

[Mullan] Well, I haven't had a report back on that because primarily that is foreign minister's problem, but I think it is our obligation to make our views known. But they are simply bilateral issues. It is not something we are going to put on the agenda at the APEC meeting because that is a meeting with a defined and specific agenda.

[Funnell] Well, Indonesia has just jailed the leader of its independent trade union movement. The United States has condemned the move; Canberra said nothing about it. What is your reaction to that and is this likely to impact adversely on the APEC talks?

[McMullan] I don't think it will impact adversely on the APEC talks, but Australia has made its views known about the prosecution of Pakpahan on several occasions. I have raised it with my counterpart. It was discussed among other places at the recent Indonesian ministerial forum. Indonesia is in no doubt about Australia's views about the rights of workers to organize. [end recording]

Kantor, Hashimoto Hold Talks

OW1011102494 Tokyo KYODO in English 0947 GMT
10 Nov 94

[By Keiji Urakami]

[FBIS Transcribed Text] Jakarta, Nov. 10 KYODO—Japan and the United States agreed Thursday [10 November] to restart "framework" talks on the stalled auto trade issue, U.S. Trade Representative Mickey Kantor said.

"We agreed we will resume auto talks," Kantor told KYODO News Service on Thursday after a meeting with Japanese International Trade and Industry Minister Ryutaro Hashimoto in the Indonesian capital.

But the Japanese side sounded somewhat cautious about an early resumption of the auto talks, with a Japanese spokesman saying, "My understanding is that Hashimoto and Kantor agreed to look for a resumption timing based on U.S. understanding of four conditions set by Tokyo."

The four conditions are that anything beyond "government reach" should not be subject to talks, "numerical targets" should not be introduced as "objective criteria," the Japanese Government has no role to play in the so-called "voluntary" foreign auto parts purchase plans by Japanese automakers and a retaliatory approach such as Section 301 is not acceptable, the spokesman said.

Hashimoto and Kantor are in Jakarta to attend a ministerial meeting of the Asia-Pacific Economic Cooperation (APEC) forum opening Friday for a two-day run.

During ministerial bilateral talks from late September to the beginning of October, deals on three areas under the framework talks were made.

But none were struck on auto trade talks, prompting Washington to launch an investigation based on the Section 301 provision of the 1974 Trade Act, which concerns competition restrictive practices of U.S. trading partners.

"We're going to follow up on autos and auto parts and set the timing for those discussions as well," Kantor told reporters outside the meeting room.

During the two-hour meeting in a Jakarta hotel, one hour longer than scheduled, Hashimoto and Kantor also agreed to restart working level glass trade talks in early December, the Japanese briefer said.

"We'll have meetings on Dec. 5 and Dec. 6 on glass," Kantor told a group of reporters outside the meeting room.

Tokyo and Washington failed to wrap up specific steps on greater foreign access to Japan's flat-glass market by the end of October, despite the Oct 1 agreement to do so.

The Japanese glass market is currently dominated by three major domestic makers, prompting U.S. claims that Japan is blocking imports.

On his overall impression of his meeting with Hashimoto, the first since marathon sessions on framework talks in Washington on Oct. 1, Kantor said, "I would describe this as a very positive meeting covering a wide range of subjects including the World Trade Organization (WTO) and APEC issues as well."

Hashimoto and Kantor confirmed the need for the government of each country to maximize efforts toward an early ratification of Uruguay Round trade bills to make the WTO operative at the beginning of next year, the Japanese briefer said.

The two ministers also agreed Japan and the U.S. will cooperate in making the coming APEC conference successful, the briefer said.

Emerging from the meeting, Kantor downplayed the significance of the Democrats' huge defeat in the U.S. elections on the country's trade and foreign policy.

"U.S. trade policy and U.S. foreign policy have been bipartisan and will remain so," Kantor said. "Our trade policy has been supported by Republicans and Democrats and so I wouldn't expect any changes whatsoever."

Indonesia Supports Japan's Stance

*OW1011132194 Tokyo KYODO in English 1231 GMT
10 Nov 94*

[By Keiji Urakami]

[FBIS Transcribed Text] Jakarta, Nov. 10 KYODO—Indonesian Coordinating Minister Hartarto said Thursday [10 November] he supported Japan's policy on

the Asia-Pacific Economic Cooperation (APEC) forum, Japanese Government officials said.

Hartarto, the minister in charge of coordinating industrial and trade affairs, voiced his support during a meeting with Japanese International Trade and Industry Minister Ryutaro Hashimoto, the officials told reporters.

During the 30-minute meeting, Hashimoto touched on Japan's APEC policy on three major topics—trade and investment liberalization, ways to smooth economic growth and cooperation among APEC members, the officials said.

Specifically, Japan will support a long-term policy of freeing trade and investment in the Asia-Pacific area, Hashimoto was quoted as saying.

He also said Tokyo will offer a package of steps to simultaneously achieve economic growth, security of energy supply and environmental protection.

Hashimoto said a one-year study by his ministry on the package is ready for presentation, the officials said.

Hashimoto also said Japan will take "an integrated approach" for promoting mutual industrial and development cooperation within APEC in which advanced countries first help less developed APEC nations to establish institutional and legal frameworks needed for economic development, the official said.

Hartarto was quoted as saying Indonesia will offer "all-out" backing to the Japanese initiatives, which will be presented to a two-day conference of APEC foreign and trade ministers starting Friday in Indonesia.

Canada Lauds Japan Position

*OW1011132294 Tokyo KYODO in English 1219 GMT
10 Nov 94*

[By Keiji Urakami]

[FBIS Transcribed Text] Jakarta, Nov. 10 KYODO—Canada on Thursday [10 November] praised Japan for its rejection of so-called "numerical targets" in trade deals with the United States, Japanese Government officials said.

Canadian International Trade and Industry Minister Roy MacLaren was commenting on the Japan-U.S. "Framework" agreement on Oct. 1 during a meeting here with his Japanese counterpart Ryutaro Hashimoto, the officials told reporters.

MacLaren said Tokyo and Washington agreed to reach a consensus on ways to improve foreign access to Japan's market without resorting to methods that would lead to numerical targets, the officials said. Any accords backed by the concept of numerical targets would have negative impacts on the global economy, MacLaren said during a one-hour meeting with Hashimoto.

Hashimoto and MacLaren are in the Indonesian capital to attend a conference of APEC foreign and trade ministers opening Friday for a two-day run.

Thursday's meeting focused on four major issues—next year's quadrilateral trade meeting in Canada, the World Trade Organization (WTO), APEC-related issues and Japan-U.S. framework talks, the officials said. But the officials refrained from disclosing details, especially pending issues regarding APEC, such as how to set nonbinding investment principles in the Asia-Pacific area, which are now under negotiation prior to the coming ministerial meeting.

Japan's Kono Departs for Jakarta

OW1011031194 Tokyo KYODO in English 0231 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Foreign Minister Yohei Kono left Thursday [10 November] for Jakarta to join his counterparts from Asia-Pacific countries for an annual meeting to be held in the Indonesian capital this weekend. The Asia-Pacific Economic Cooperation (APEC) meeting will also gather trade ministers from the group's 17 member economies in the region, plus Chile, which is to be admitted during the confab.

International Trade and Industry Minister Ryutaro Hashimoto flew to Jakarta on Wednesday. The two Japanese ministers plan a series of bilateral meetings with their counterparts from the other APEC members.

Kono is scheduled to confer with U.S. Secretary of State Warren Christopher and Chinese Foreign Minister Qian Qichen, among others. He will return home Tuesday.

Prime Minister Tomiichi Murayama is to leave for Jakarta on Saturday to attend an informal meeting of APEC leaders scheduled for Tuesday in Bogor, outside the capital.

Singapore Minister Interviewed

BK1011014594 Jakarta Radio Republik Indonesia
Network in Indonesian 0000 GMT 10 Nov 94

[FBIS Translated Text] Singapore is determined to ensure the success of the APEC [Asia-Pacific Economic Cooperation] ministerial meeting and the economic leaders summit. This was stated by the Singapore trade and industry minister to an RRI [Radio Republik Indonesia] reporter upon his arrival in Jakarta last night.

Here is Reporter Freddy Dolu reporting.

[Begin recording] [Dolu] Singapore is determined to help resolve issues, which remained unsolved during the

senior officials meeting [SOM], during the upcoming ministerial meeting. Singapore Trade and Industry Minister Yeo Cheow Tong expressed his country's determination when he arrived in Jakarta last night. Yeo, who is the first minister to arrive for the APEC ministerial meeting, said he will actively attend the APEC ministerial meeting, adding that at the same time that he is determined to ensure the success of the APEC economic leaders summit in Bogor on 15 November. [end recording]

[Yeo speaking in English, in progress] ...Well, I (?wish) to participate actively and I have to ensure the success of the leaders' meeting and the ministers' meeting as well. [end recording]

[Dolu] This is RRI Reporter Freddy Dolu reporting from Senayan. [end recording]

Provincial Governors' Meeting Opens in ROK

SK0811024694 Seoul YONHAP in English 0154 GMT
8 Nov 94

[FBIS Transcribed Text] Sokcho, Kangwon Province (YONHAP)—As the full-fledged East Sea era draws near, a conference bringing together local government chiefs from four countries in the region opens Tuesday afternoon at the Hotel Sorak Park in Sokcho, Kangwon Province, which is hosting the meeting for the first time.

Present at the four-nation gathering are Kangwon Province Governor Yi Sang-yong, China's Jilin Province Governor Gao Yan, Tottori Prefecture Governor Nishio Yuji from Japan and Russia's Primorsky Territory Vice Governor Valeriy Dubinin, who is representing the maritime Province of Siberia on behalf of the governor. Home Minister Choe Hyong-u will represent the South Korean central government, which is providing support for the meeting.

A group of 33 official and unofficial representatives will take part in the main session on Tuesday and three bilateral meetings running through Friday.

At the main session, the four governors will exchange opinions on the theme "The current situation and tasks of regional exchanges and cooperation in the East Sea rim," following a keynote speech by Cho Sun, former deputy premier-economic planning minister.

A "Kangwon Province joint declaration," which will ultimately be signed by the four nations' presidents, is to be adopted during the governors' consultations. Apart from the declaration, the South Korean province is scheduled to have bilateral talks to conclude a 1995 exchange project plan with Jilin Province, an agreement on friendship and cooperation with Tottori prefecture and a friendship accord with Siberia.

Japan

Reportage on Reaction to U.S. Election Results

KYODO Reporter Comments

OW1011005294 Tokyo KYODO in English 0021 GMT
10 Nov 94

[By Antonio Kamiya]

[FBIS Transcribed Text] Washington, Nov. 9 KYODO—President Bill Clinton on Wednesday [9 November] took part of the blame for the massive setback the Democrats suffered in the midterm elections and promised to work with the victorious Republicans in Congress.

Sounding subdued and conciliatory, Clinton said "We got the message" from angry American voters who castigated the president's party by giving the Republicans control of both houses of Congress.

"I pledge today to work with all the members of the Congress, and especially the new Republican leadership," Clinton said at a news conference.

Clinton's truce offer was echoed by the newly energized Republican leaders who quickly dusted off their 40-year role as a minority party in Congress.

"We know we have a responsibility to the American people, to the president, to ourselves, to each other, and we are prepared to work together," Bob Dole, the new Senate majority leader, told reporters.

At his White House news conference, Clinton urged the Republicans to vote for passage of the Uruguay Round trade accord as the first example of bipartisan cooperation in Congress.

"By doing so we will pave the way for further cooperation on welfare reform and on health care reform," he said.

Clinton, making his first public appearance after the Democratic debacle at the polls, used the nationally televised news conference to engage in self-reflection on what had gone wrong with his administration.

"We were held accountable yesterday, and I accept my share of the responsibility and the results of the election," Clinton said.

The results were dismal, whether in Congress or in gubernatorial races.

The democrats entered the midterm election Tuesday with a 38-seat majority in the House of Representatives and had lost 62 seats after the race.

Epitomizing the Democratic disaster, house Speaker Thomas Foley conceded defeat Wednesday in the closely

contested race for the Washington state district he represented for 30 years, the victim of a little known Republican foe.

Adding insult to injury, Democratic Sen. Richard Shelby of Alabama switched party allegiance Wednesday, boosting the Republicans' strength in the Senate to 53 seats against 47 for the Democrats.

The reversal of political fortunes in Congress energized the Republicans who have struggled under the shadow of the Democrats for years.

While speaking of cooperation with the Democrats, Republican leaders made it clear they will carry out the "mandate for change" which they said had been given by American voters.

Heading the Republican agenda is the 100-day legislative blueprint prepared by house Republicans last September.

Known as "Contract With America," the Republican agenda spells out specific legislative goals, such as reducing taxes and slashing government spending, to be accomplished in the first three months after the new Congress convenes in January.

Clinton, who fiercely attacked the Republican agenda during the campaign, sounded conciliatory when asked Wednesday whether he is prepared to accept the Republican plan.

Clinton singled out some Republican ideas which he said he can agree with, including a so-called "line-item veto" proposal that enables the president to kill specific spending proposals, and declined to criticize other Republican legislative programs.

"Let's give them a day or two to enjoy their victories," he said.

But on a sterner note, Clinton warned that he will "do everything in my power" to oppose any policy which he considers to represent a threat to the government programs he has implemented in the first two years of his four-year term.

Policy Toward U.S. Unchanged

OW1011085294 Tokyo KYODO in English 0835 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The Republican Party's victory in U.S. midterm elections will not change Japan's policy toward the United States, a government spokesman said Thursday [10 November].

"This is no change of government and I don't expect any significant change in Japanese-U.S. relations," Chief Cabinet Secretary Kozo Igarashi said at a news conference.

He also said the bilateral relationship did not surface as an issue of the polls, in which the Republican opposition

took control of the U.S. Congress, winning majorities in both the House of Representatives and the Senate.

"We will continue our policy of maintaining friendly and positive Japanese-U.S. relations as we have had previously," Igarashi said.

Prime Minister Tomiichi Murayama has dismissed speculation that Republicans in Congress will get tough on Japan, saying the outcome of the elections will not affect Tokyo-Washington ties.

Former Premier Urges U.S. To Ratify GATT Accords

OW1011072194 Tokyo KYODO in English 0655 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Former Prime Minister Tsutomu Hata expressed hope Thursday [10 November] that the United States will ratify a global trade agreement regardless of the Republican Party's seizure of majorities in both houses of the U.S. Congress.

"Although they got new members, I hope they will stick to their policy on GATT (General Agreement on Tariffs and Trade) and the WTO (World Trade Organization), for which we have spent a lot of time," he said at a press luncheon.

In the midterm election Wednesday, the Republicans took control of the U.S. Congress, leaving President Bill Clinton's Democratic party in limbo.

Many countries, including Japan and the U.S., are poised to ratify the Uruguay Round trade agreements, which call for the establishment of the WTO, a new world trade watchdog to replace GATT.

Whether the WTO will be inaugurated in January next year as scheduled hinges on the progress of ratification procedures in the more than 100 countries involved.

Hata, who heads the opposition party Shinseito, also slammed the administration of Prime Minister Tomiichi Murayama for allegedly taking a vague attitude toward ratification of the Uruguay Round accords.

As Japan has reaped the fruits of free trade, Hata said, it should move to ratify the global trade agreements quickly, instead of "watching closely" other countries' ratification procedures.

Keidanren Chairman Toyoda Meets Rubin, Cutter

OW1011011694 Tokyo KYODO in English 0103 GMT 10 Nov 94

[FBIS Transcribed Text] Washington, Nov. 9 KYODO—A high-ranking U.S. official told a visiting Japanese business leaders mission Wednesday [9 November] that Japan's trade practices are behind the difficulties U.S. firms are encountering in trying to enter Japanese markets, mission officials said.

White House National Economic Council Director Robert Rubin made the comment in a meeting with the Federation of Economic Organizations (Keidanren) mission headed by Shoichiro Toyoda, chairman of the federation.

In the meeting, however, Rubin admitted that ongoing deregulation efforts by the Japanese Government would solve many aspects of the trade friction between the two nations.

Bowman Cutter, deputy director of the council, also said Japan can expand its annual economic growth by 1 percent if the nation fulfills the current deregulation plans.

Cutter said Japan will particularly step up imports of machinery and raw materials because of relaxation of the governmental regulations.

Rubin also told the mission the U.S. July-September economic growth figure, which increased annualized 3.4 percent, was too high, noting that he believes the potential U.S. growth rate would be 2.5 percent.

First U.S. Apples Said To Arrive Jan 1995

OW0811125194 Tokyo KYODO in English 1229 GMT 8 Nov 94

[FBIS Transcribed Text] Aomori, Japan, Nov. 8 KYODO—The first shipment of apples imported from the United States scheduled to arrive in Japan in January, farm ministry officials reported Tuesday [8 November].

The agricultural administrative officials of the Ministry of Agriculture, Forestry and Fisheries said the consignment from Washington State is undergoing sterilization.

Shipments will be made jointly by 14 exporting firms in the state after completing export procedures, the officials said.

A small number of sample shipments are due to arrive at the U.S. Embassy in Tokyo for use in publicity, they said.

Japan has lifted a ban on imports of U.S. apples after prolonged negotiations on quarantine procedures.

The U.S. is the second country which will export apples to Japan, following New Zealand, which began shipments in April this year.

Meanwhile, the first shipment of about 15 tons of apples grown in Aomori, northern Japan, will leave Yokohama en route to the U.S. in mid-January, the officials said.

Matsushita 'Informally' Named as Next BOJ Governor

OW1011143394 Tokyo KYODO in English 1416 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The government has informally decided to name Yasuo Matsushita, former vice finance minister, as the next governor of the Bank of Japan [BOJ] to succeed Yasushi Mieno, senior government officials said Thursday [10 November].

Matsushita, who entered the ministry in 1950 after graduating from the University of Tokyo, served as vice finance minister, the Finance Ministry's top post for bureaucrats, for two years from June 1982.

He joined Taiyo-Kobe bank in 1986 after retiring from the Finance Ministry and became the bank's president in 1987.

While serving as president, he was instrumental in setting up Sakura Bank by merging Taiyo-Kobe Bank and Mitsui Bank. Matsushita now serves as an advisor to Sakura Bank.

Mieno's current five-year term expires on Dec. 16.

The government will formally appoint Matsushita as next BOJ governor soon, the sources said.

Quest for Permanent Seat on UNSC Examined

952B0009A Tokyo ASAHI SHIMBUN in Japanese
26-28 Sep 94

[26 Sep 94 p 2]

[FBIS Translated Text] Political Vacuum—Paucity of Debate Leads to Rudderless Trend

- 16 April 1993: "Not once has Japan said that it wanted to become a permanent member of the UN Security Council. I think we should consider the matter carefully."
- 30 June 1994: "We should not rush into a decision without the understanding of the people."
- 18 September 1994: "If we become a permanent member of the Security Council, we must shoulder military responsibilities. I do not argue that I dislike that fact."

Conversion to Positive Attitude

Listening to the above statements of Deputy Prime Minister and Minister of Foreign Affairs Yohei Kono on the issue of Japan's membership in the UN Security Council [UNSC], one notes a major change towards a positive stance.

An official at the Ministry of Foreign Affairs [MOFA] comments, "This is not a case that Mr. Kono has changed his stance, but a case of merely conforming with the trend." As the foreign minister, who exercises the highest responsibilities on this particular issue, the question is whether there is a "trend" that he has no choice but to follow.

On 16 and 17 September, Kono gathered MOFA officials and discussed this matter. The officials were in possession of a position paper approved by the cabinet in July 1993. The paper was prepared when Kono was chief cabinet secretary of the Miyazawa cabinet and was the first document that clearly stated Japan's desire to become a permanent member of the Security Council.

Ministry officials felt that, "If the foreign minister should take a negative stance, we were ready to rebut him by reminding him that a year ago he had expressed he 'readiness to assume responsibility.'" However, Kono merely remarked, "I want you to thoroughly explain our position to politicians as well as to the public."

Lackluster Movements of Ruling and Opposition Parties

Statements by politicians have been muted about an issue that has the potential of causing a major alteration in the course of a nation. Acting President Shusei Tanaka of the Sakigake [Harbinger] new party, typical of the conservative camp, recommended that the issue be entrusted to the deliberations of a prime minister's advisory organ, but the Prime Minister's Residence rejected the idea. Meetings of foreign affairs committees of both the House of Representatives and the House of Councilors have not been convened on the subject. Hardly any debates of a thoroughgoing nature have been conducted in the political arena on questions such as what positions Japan will assume as a permanent member of the Security Council; what specific new obligations Japan will acquire; how permanent membership in the Security Council will affect Japan in relation to its Constitution and its diplomatic strategies.

Four prime ministers came and went in a one-year period. Politicians were placed at the mercy of unprecedentedly radical changes in the political situation. That political situation served as a cause for neglecting debate on an essential issue.

Among the opposition parties, there is Shinseito [Japan Renewal Party] President Tsutomu Hata who takes the position that, "We should not impose reservations such as nonparticipation in the use of military force in connection with our permanent membership in the Security Council." However, Komeito, the Japan New Party, and the Democratic Socialist Party have not formed a consensus, and the new-new party's basic doctrine fails to even mention the issue.

On the other hand, the ruling party coalition quickly came to the viewpoint that it will display its desire to become a permanent member of the Security Council with the definite position that Japan will not participate in the use of military force.

One Liberal Democratic Party [LDP] official wondered, "If the LDP assumes a passive attitude, there's the question of whether Shinseito Secretary General Ichiro Ozawa will interfere with those in the LDP who assume a positive stance." The fear of Ozawa cast a shadow even on the issue of permanent membership in the Security Council.

Chairman Junichiro Koizumi of the "committee for considering permanent membership in the Security Council," comprised of ruling party Diet members, explained, "Both ruling and opposition parties have

members who are positive and negative about the idea of membership. When a group tries to form a consensus, disagreements are voiced and the opposing camp attempts to take advantage of the situation. A cautionary stance was taken because of those circumstances and the situation led to lackluster movements on both sides." Even though the decision has been made to adopt the small electoral district system whose catchphrase is "elections centered on policy issues," we see no movement to clarify opposing positions on a given issue.

Personal Opinion Suppressed

When the Ministry of Foreign Affairs was in the process of establishing the groundwork for Japan's "candidacy" in the latter part of August, Kono stopped in New York on his way to South America. Kono replied to a press interview question phrased, "It appears your thinking has changed since you became foreign minister?" by saying, "From the standpoint of foreign minister, I have set aside my personal views and have made statements from the viewpoint of a cabinet member."

However, there are no signs about how he might have reflected his "personal views" as a politician in his "position as a member of the cabinet."

Former Deputy Prime Minister and Minister of Justice Masaharu Gotoda recently sent a book to Prime Minister Tomiichi Murayama. The book, titled *Sei to Kan [Politicians and Bureaucrats]*, reads in part, "Bureaucrats are conceited when they say politicians never consider national interests, but politicians are the ones who have condoned such attitudes."

The prime minister relayed his thoughts by telephone, "Bureaucrats are terrifying individuals, aren't they? If I had read this book earlier, I probably would have declined the position of prime minister." He said so half jokingly. However, the comments reflect the prime minister's true feelings about the power of politics.

This short series of articles will review domestic activities surrounding Japan's permanent membership in the Security Council and future related issues, before Foreign Minister Kono's announcement at the UN General Assembly on the 27th (U.S. local time) of Japan's candidacy for such membership.

[27 Sep 94 p 2]

[FBIS Translated Text] Eager MOFA—Behind "National Interests" Lurks "Ministry Interests"

When Prime Minister Tomiichi Murayama visited Southeast Asia in the latter part of August and met with Malaysian Prime Minister Mahathir, the latter volunteered the statement, "Japan should stop dwelling on its wartime responsibilities of the past and become a permanent member of the UN Security Council for the sake of Asian peace and prosperity." Prime Minister Murayama did not express any special reaction to the statement by Mahathir.

Some Quarters Felt Relief in the Prime Minister's Silence

Comments about Prime Minister Murayama's silent response were not necessarily favorable, including that from former Prime Minister Tsutomu Hata, who said, "The prime minister failed to respond. He should have used the statement as a foothold for establishing Asian prosperity and stability, but he failed to do so." However, a MOFA official expressed relief, saying, "The prime minister's silence was appropriate."

As Japan seeks to become a permanent member of the Security Council, everyone agrees that it must secure the "support of neighboring Asian nations and international society," as expressed in Prime Minister Murayama's general-policy speech. However, a significant peculiarity of the Asian region is that the interests of various nations are intertwined in a complex manner. The nations of Indochina are constantly sharpening their sense of caution toward the expansionist policies of China. Any nomination of Japan as an "Asian representative" under such conditions could have some unanticipated repercussions.

Before the prime minister's visit to the area, Deputy Prime Minister and Foreign Minister Yohei Kono addressed the Association of Southeast Asian Nation (ASEAN) Regional Forum sponsored by ASEAN and said, "Japan would like to become a permanent member of the UN Security Council and reflect Asia's moderate pacifism in the United Nations." The Ministry of Foreign Affairs skillfully avoided the expression "spokesman." The reason was that it did not wish to needlessly antagonize China, which is Asia's only permanent member of the UN Security Council.

China Viewed as a Rival

On the other hand, a sense of rivalry with China has gradually grown within the Ministry of Foreign Affairs. In the past, security in the Asia-Pacific was organized in a bilateral format such as the Japan-U.S. Security Treaty, with the United States playing a central role, or in a regional defense agreement format. However, as U.S. influence weakened relatively, the existence of China is rapidly gaining recognition in view of its "13.4-percent growth in gross domestic product (GDP)" which is expected to be the world's highest growth rate, as published in the World Bank's annual report. If Japan were to simply idly observe such developments, it would become a nation that trails a giant China.

The Asian nations hope that Japan will play a restraining role in dealing with China, as they try to stimulate the Ministry of Foreign Affairs into action as the latter already shows signs of being overly concerned with the developments in China. At the same time, the Asian nations have reinforced Japan's self-restraint against becoming a military giant, which unequivocally states, "We will not engage in military actions that are prohibited by the Constitution."

Such a political stance is obvious, and, to the Japanese Government, Mahathir's remark sounded like a "hacked political statement." MOFA's assertion is that, "because of such diplomatic farsightedness, the prime minister did not make a perfunctory reply."

Efforts Made To Persuade Cabinet Members

When Minister of International Trade and Industry Ryutaro Hashimoto remarked, "If Japan is not a permanent member of the Security Council, it cannot obtain essential military information in times of international disputes like the Iran-Iraq war and the Gulf war," he energized the Ministry of Foreign Affairs. Japan's share of UN operating costs will be hiked incrementally beginning next year and will rise to 15.65 percent in 1997. Hashimoto's remarks tied in well with the easy-to-understand logic of Administrative Vice Minister Kunihiko Saito, who says, "It is not logical that Japan cannot involve itself in important policy decisions while providing such fiscal support."

The Japan-U.S. Security Treaty, Japan-Soviet Joint Statement, Japan-South Korea Basic Treaty, Japan-China Treaty of Peace and Friendship... After bilateral postwar issues were settled, "economics" began to carry greater weight in Japan's external relations as it became a major economic power. Such developments resulted in the Ministry of Finance, Ministry of International Trade and Industry, and Ministry of Agriculture, Forestry, and Fisheries managing negotiations based on their respective missions, thus minimizing the role played by the Ministry of Foreign Affairs. Malicious comments were whispered in Kasumigaseki circles that MOFA personnel "were essential for the conduct of diplomatic parties." Japan's attainment of permanent membership in the Security Council provides MOFA bureaucrats a fine opportunity for regaining "ministerial power."

Originally, when the prime minister was selected from the Social Democratic Party of Japan which was negative about Japan's permanent membership in the Security Council, the Ministry of Foreign Affairs was temporarily hit by an air of disappointment that "this will dash hopes for permanent membership in the Security Council for the near term."

However, as the prime minister and foreign minister visited Southeast Asia, and the foreign minister visited South America, "support" for Japan's permanent membership in the Security Council spread here and there as if by word of mouth. During those visits, Hisashi Owada, Japanese ambassador to the United Nations, quickly returned to Japan and devoted himself to persuading members of the cabinet. Shunji Yanai, Foreign Policy Bureau director general, even went so far as to explain Japan's position to television newscasters.

We see actions that reflect a lack of concern for outward appearances and a revival of enthusiasm which was once depressed. Are MOFA bureaucrats being motivated by "national interests" or by "ministry interests?"

[28 Sep 94 p 2]

[FBIS Translated Text] Resolve for "Nonmilitary Stance"—Disparity With Realities of International Society

Vice President Gore: "It is disappointing that Japan cannot participate in multinational force actions."

Defense Agency Director General Tokuichiro Tamazawa: "Japan cannot participate in the use of military force overseas."

The foregoing exchange took place on the evening of the 15th when the Haitian situation had intensified and a decision was pending on U.S. military intervention. As if to repeat himself, the vice president again asked that Japan participate in the UN peacekeeping operations (PKO) following military intervention in Haiti.

After the conference, Tamazawa pretended ignorance when questioned, saying, "Haiti PKO was not mentioned during the talks." However, a Defense Agency official who had attended the conference frowned, knowing that the topic had been discussed.

Scenario for Resolution on Sanctions

"We will not exercise the use of military force which is prohibited by the Constitution." When Deputy Prime Minister and Foreign Minister Yohei Kono addresses the United Nations on the 27th, he will express concurrence with Japan's permanent membership to the Security Council with this reservation. The question is, will this option—selected after great pain in attaining compatibility with the "pacifist Constitution" and giving consideration to domestic public opinion—be acceptable to international society?

The UN Charter clearly does not impose any special obligation on permanent members of the Security Council. However, if we were to debate the issue solely on the basis of Charter provisions, Article 7 provides as a mission of the United Nations sanctions, including those of a military nature, against "destruction of peace" and "aggression." The Security Council is the sole agency with the authority to make such a decision.

Moreover, we witness a steady rise in situations where the Security Council has adopted resolutions to include military sanctions as a response to such events as the Gulf war and the civil war in the former Yugoslavia. If Japan should become a permanent member of the Security Council and if it persists in adhering to the principle to be covered by Kono's speech, the question is what will the impact be. Saitama University Professor Yasuhiko Yoshida, who has extensive experience as a UN public affairs specialist, fears that the outcome will be as follows.

If a pattern is created of voting for resolutions but refusing to participate in the attendant actions, Japan will certainly become the target of censure. If abstentions

become frequent as a means of avoiding such censure, the significance of becoming a permanent member of the Council will become dubious. It is possible to exercise the veto against military sanctions, but Japan does not possess the necessary "courage" to do so.

Pressure From the United States

The United Nations deploys peacekeeping operations that do not involve the use of military force, and Japan could make a distinction between actions calling for the use of military force and PKO actions and opt for the latter. However, one former foreign minister points out that Japan's UN diplomacy "has always been in conformance with U.S. wishes."

The U.S. Government supports Japan's policy of "not using military force," but Assistant Secretary of State Bennet states, "Becoming a permanent member of the Security Council will mean an increase in manpower and fiscal contributions." "Manpower contributions" mentioned by the likes of the United States will most likely mean participation in peacekeeping forces (PKF) and rear-area support of multinational forces which are the object of much hesitancy domestically and the current object of a freeze.

Memories are still fresh of the Gulf war situation in which the United States sought rear-area support for the multinational forces in which Japan did not participate, and Japan was forced to make a huge financial expenditure. The Haitian situation may be a remote issue for today's Japanese. However, MOFA officials are breathing a sigh of relief, saying, "It was a matter with which we were keenly concerned," noting that the use of military force was avoided.

Pressure will no doubt increase from the United States for "manpower contributions." However, today's Japan does not have the "willpower" to reject such requests within the context of near-term Japan-U.S. relations. This is the reason why the Ministry of Foreign Affairs insisted on hearing from Prime Minister Tomiichi Murayama and Foreign Minister Kono that "PKF activities will be within the framework of the Constitution."

"Within the framework of the Constitution" became the catchphrase of intraparty coordination of the foreign minister's UN speech. However, the question is, what is the scope of that framework? A thorough debate did not take place on the treatment of the PKF issue.

In contrast to debate on such "military contributions," Foreign Minister Kono's speech will reemphasize positive contributions in the areas of environment, disarmament, and population. However, even within the Ministry of Foreign Affairs, that passage of the speech was greeted unenthusiastically with the comment, "Those words will sound extremely abstract to the various nations."

Like a Spoiled Child

Netherlands, Sweden, Norway... Countries that have accumulated records in such sectors are not permanent

members of the Security Council. What is being challenged are diversified diplomatic capabilities. In contrast to such nations, Japan's attitude that "We cannot obtain necessary information unless we become a permanent member of the council," must make it sound like a spoiled child.

Rough times are foreseen in the reform of the UN Security Council. The fact that Japan has become a "candidate" does not mean that it can automatically become a permanent member. However, if Japan should become a permanent member in the current controversial atmosphere, it would appear that Japan would not be able to avoid a near panic situation in connection with each incident to a degree in excess of that displayed when fatalities were incurred during the Gulf and Cambodian wars.

Medical Team To Move to Kalehe Refugee Camp

OW1011051594 Tokyo KYODO in English 0318 GMT
10 Nov 94

[FBIS Transcribed Text] Goma, Zaire, Nov. 10 KYODO—A Japanese medical group aiding Rwandan refugees in Zaire says it will move the staff of its Kibumba clinic to the Kalehe refugee camp, some 80 kilometers from the Zairean city of Goma, officials said Wednesday [9 November].

The Association of Medical Doctors for Asia (AMDA), a nongovernmental organization (NGO) based in Okayama Prefecture, western Japan, said it will transfer a total of eight staffers to Kalehe from Kibumba, 28 km north of Goma.

Amda has been operating two clinics, in Kibumba and Kalehe. Kalehe is closer to the Zairean city of Bukavu.

Amda said it will continue offering medical services to refugees by combining its staff from Kibumba, who have operated a clinic there since August, with its 10 existing staffers in Kalehe.

The transfer of its eight Kibumba staffers, including two doctors and three nurses, will take place Saturday.

The group said the transfer decision was not prompted by the Nov. 3 incident in Kibumba, where Japanese military personnel rescued AMDA staffers stranded after their truck had been hijacked by dozens of refugees.

In the tense situation, the large group of refugees, claiming that the truck was originally theirs and had been sold to AMDA by its driver without the owner's consent, ordered the aid workers off the vehicle and sped away.

AMDA opened the Kibumba clinic Aug. 17, when the camp was being hit by outbreaks of cholera and dysentery. The clinic has since provided medical treatment to some 300 refugees each day.

Over the past two months, AMDA doctor Yasujiro Kamata and his colleague, a Nepalese doctor, have treated some 20,000 refugees at the clinic.

Kamata, 38, told KYODO NEWS SERVICE he believes AMDA "has done a good job, though it is an inexperienced beginner" as an NGO providing medical services overseas.

He said Japanese NGOs, including AMDA, need to amass experience, know-how and the capability to manage a wide range of resources, following the example of the Doctors Without Borders, an internationally acclaimed French NGO.

AMDA's Kibumba clinic has no surgical or hospital-care facilities, unlike those run by the French NGO or the CARE organization based in the United States.

In Kalehe, however, AMDA has operated a clinic with a capacity of 100 patients on a round-the-clock basis, under an arrangement with the UN high commissioner for refugees.

In Tokyo, meanwhile, AMDA spokeswoman Yukie Takagi said the group's original aid plan called for transferring the staffers in Kibumba to Kalehe to meet staff shortages that have become more serious following the completion of the larger, 100-patient clinic.

Tokyo To Extend PRC 1.49 Billion Yen in Aid

OW1011053594 Tokyo KYODO in English 0341 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Japan will extend China grant-in-aid totaling 1.49 billion yen to assist a Chinese project to improve equipment at a medical institute and at import, export and food inspection centers, the Foreign Ministry said Thursday [10 November].

Japanese Ambassador to China Michihiko Kunihiro and China's Chen Xinhua, assistant minister of foreign economic relations and trade, exchanged documents on the Japanese aid in Beijing earlier in the day, the ministry said.

Of the aid, 9.89 million yen will be provided to purchase equipment for use at import and export food inspection and research centers.

China, whose major export item is food, plans to set up the centers in Beijing, Guangzhou and Wuhan to establish an inspection system that will meet the standards of importing countries in areas such as agricultural chemicals and food additives.

Another 54 million yen will be extended to purchase medical equipment for the Tianjin Prevention and Control Center of Metabolic Disease, the ministry said.

About 12 million Chinese suffer from metabolic diseases nationwide and the number of patients is increasing by 2

percent annually, it said. In Tianjin alone, some 200,000 people suffer from the ailments.

Argentina's Cavallo Urges More Trade, Investment

PY0911172794 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1049 GMT 9 Nov 94

[FBIS Translated Text] Tokyo, 9 Nov (AFP-NA)—Economy Minister Domingo Cavallo said in Tokyo on 9 November that Argentina is seeking to boost its exports of foodstuffs to Japan, and attract Japanese investors interested in the new market to be established 1 January with the dismantling of customs barriers between Argentina and Brazil (Mercosur) [Common Market of the South] [as received].

Cavallo will open a meeting of the Argentine-Japanese Trade Cooperation Committee on 10 November.

Cavallo, accompanied by a delegation of businessmen, said he was full of "optimism" because Argentina is trying to create a very favorable climate for foreign investments." [no opening quotation marks as received] During a news conference, Cavallo underscored "the industrial complementarity" that will be possible thanks to the boost in trade between Brazil and Argentina.

Japanese investments in Argentina in 1993 were mainly channeled into the fishing industry (\$11.8 million) and services (\$19.9 million). The total volume of investments, however, was considerably lower than in 1991 (\$40 million, against \$34 million in 1993).

Cavallo wants Japanese companies to step up investments in the Argentine fishing sector and to increase its imports of fresh fruit, fruit juice, grains, and oilseed products. Negotiations over Japanese health control regulations are currently under way for the purchase of Argentine meat.

Cavallo also pointed out that "there is a scheme afoot in Argentina to produce the same kind of rice Japan consumes" so as to take full advantage of the opening of that market as imposed by GATT.

The overall trade volume between Argentina and Japan rose to \$1.2 billion in 1993. Japan's exports to Argentina amounted to \$715 million (they have been growing steadily since 1992) while its imports from that country added up to \$493 million.

The trade balance, generally in Argentina's favor since 1982 (with the exception of 1987), has been favorable to Japan since 1992.

JEWCMCA Wants Cocom-Related Requirement Eased

OW0911043594 Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Nov 94 Morning Edition p 5

[FBIS Translated Text] The Japan Electric Wire and Cable Maker's Association [JEWCMCA] has appealed to

the government for easing the regulations on the export of some high-technology products such as computers and other electronic goods to member nations of the former Coordinating Committee for Export Control (Cocom). According to the special regulations on small-sum exports, no permits are required for exporting high-technology products amounting to less than one million yen. However, in its appeal, the association requested that this ceiling be raised to a level much higher than the current one million yen level.

Sources on Compensation for Korean Victims

OW0511044994 Tokyo KYODO in English 0358 GMT
5 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 5 KYODO—A 100 billion yen private fund to compensate for Japan's wartime wrongdoing may include not just former wartime sex slaves but also Koreans who were forced to serve as military personnel and laborers during Japan's rule of the Korean peninsula in 1910-1945, coalition sources hinted Saturday [5 November].

The government and the three ruling parties have begun studying a proposal to expand the compensation program for Korean war victims and a task force will hold closed-door hearings in the Diet on Tuesday and Thursday, they said.

The government is likely to decide which war victims should be included in its redress plan after the task force submits its report as early as late November, they said.

The government announced in August that Japan will set up the 100 billion yen private fund, from which the women forced to provide sex to Japanese soldiers during World War II would receive solatia.

As part of the compensation program, historical studies and friendship with other Asian countries would be also promoted in the next 10 years.

Japan has said the war compensation issue has been settled with other Asian governments and Tokyo will not compensate for individuals.

Dietman: Massacre of Few Thousand 'Permissible'

OW0711172494 Tokyo KYODO in English 1546 GMT
7 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 7 KYODO—A opposition House of Representatives member said Monday [7 November] at a Diet panel that a massacre of a few thousand people "is permissible" with regard to the 1937 Nanjing massacre, but soon retracted the remark after being booed.

Motoo Abe, of the Democratic Socialist Party, said "on the battlefield, a massacre of two to three thousand people is permissible," but he hastily withdrew his statement by saying he used "inappropriate" words.

He made the remarks at a lower house special committee meeting on tax reform while questioning International Trade and Industry Minister Ryutaro Hashimoto on the use of tax money.

In a vaguely worded question in which he indirectly referred to the issue of providing assistance to China, Abe told Hashimoto that Japan should recheck whether the country really killed 300,000 Chinese people during the Nanjing massacre as China estimates.

Hashimoto replied that a massacre is a massacre no matter how many people are killed, even it kills only "one or two," therefore checking the figure is not necessary.

Abe responded that a massacre of a few thousand "is permissible" and "to call it a massacre regardless of whether it killed 300,000 or one is not logical."

After making the remarks he was booed loudly by lawmakers in the ruling coalition as well as corrected by a fellow lawmaker in the opposition. Abe then apologized.

In correcting himself, he later said he meant to say that "two thousand people could die in an abnormal psychological situation like a battlefield."

On Oct. 24, Abe questioned Hashimoto on his understanding of World War II at a meeting of the same tax reform panel.

Hashimoto replied that it was a matter of subtle definition as to whether Japan invaded its Asian neighbors. Hashimoto's remark drew criticisms from South Korea and other Asian countries.

Following the invasion of the then Chinese capital of Nanjing in December 1937, Imperial Japanese Army troops slaughtered more than 300,000 Chinese civilians, according to Chinese estimates.

Japanese historians, however, tend to cite lower estimates.

Bill on SDF Overseas Rescue Operations Approved

OW1011063094 Tokyo KYODO in English 0541 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—A House of Councillors committee on Thursday [10 November] passed a bill empowering the Self-Defense Forces (SDF) to conduct airborne missions to rescue Japanese overseas in emergency situations.

The bill to revise the Self-Defense Forces law passed the upper house cabinet committee with the supports of all the parties except the Japanese Communist Party.

It is expected to pass the upper house plenary session Friday afternoon to become law, nearly three years after

it was first submitted to the Diet by the cabinet of then Prime Minister Kiichi Miyazawa.

The amendment will add a provision to the law for SDF rescue missions in emergency cases using the government's planes or SDF aircraft.

The provision requires that the foreign minister and the Defense Agency director general agree on the safety of the mission before it is ordered.

Prime Minister Tomiichi Murayama said at the Thursday meeting of the committee that the entire cabinet will be responsible for such missions and that cautious assessment and planning will be required.

Murayama Expresses Readiness To 'Quit'

OW1011145894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Nov 94 Morning Edition p 2

[FBIS Translated Text] On 8 November, Prime Minister Tomiichi Murayama invited Seiroku Kajiyama, former secretary general of the Liberal Democratic Party [LDP], to his office in the prime minister's official residence. They had talks over lunch for about one hour. They used to live in the same building, provided by the government as living quarters for Dietmen, at Kudan in Tokyo and have been acquainted for a long time. Also, Murayama and Kajiyama served as chairmen of the Diet Administration Committees of the Social Democratic Party of Japan [SDPJ] and the LDP respectively at the same time. According to Kajiyama, the prime minister murmured: "I have come this far as prime minister. I am ready to quit any time." However, Kajiyama advised the prime minister to aim at creating a long and stable administration, saying: "Japan has lost its international credibility because we have had four prime ministers in one year. You have to remain in the post for a long time for Japan's sake." "The longer the better."

At the talks over lunch, Kajiyama commented on compilation of the fiscal 1995 budget, saying: "Last year, budget compilation was delayed because the government insisted on giving priority to political reform. However, your cabinet has to pass a budget before the end of this year." Murayama agreed with Kajiyama and said: "I understand it very well and I will do that." In this way, Murayama explained his willingness to finish budget compilation within the year. Kajiyama then explained the need to improve the government's fundamental research and to introduce a tax system designed to promote research and development by private companies, saying: "An important task of the current administration is to introduce measures to prevent industrial stagnation caused by the strong yen." In response, the prime minister reportedly asked for advice, saying: "What do you think I should give consideration to?"

It is unusual for the prime minister to invite a member of another party to his office. It seems that the two had in-depth discussions over managing the current political

situation, including how to guide the Diet during its final phase and the cabinet reshuffle issue.

Ozawa Said Hoping To Become New-New Party Head

OW0911141994 Tokyo ASAHI SHIMBUN in Japanese 8 Nov 94 Morning Edition p 2

[Unattributed article]

[FBIS Translated Text] Recently, Shinseito [Japan Renewal Party] Secretary General Ichiro Ozawa, who serves as the chairman of the executive committee of the preparatory committee for the new party of the opposition parties, has been making his presence felt by his words and actions. He has appeared on various TV programs, and even made speeches on the street—something he said he "has not done in the past 10 years." This is a major change from his low profile immediately after his party became an opposition party. It is seen as an indication that he is not only trying to effect an "image change," but is also "manifesting his eagerness to become the secretary general of the new-new party [shin shinto]." (according to a senior Shinseito official)

"My name is Ichiro. But unfortunately, I am not the celebrity Ichiro (professional baseball star). I am Ichiro Ozawa, and my name is written in kanji." In late October, Ozawa started his speech with this joke at a party of Shinseito Diet members in Mishima city, Shizuoka Prefecture. He tried to emphasize a "soft mood."

The previous day, he made a speech on the street in front of the East Entrance of Japan Railways Shinjuku Station [in Tokyo], and even handed out leaflets asking the public to suggest a name for the new-new party. He has appeared on TV three times since October.

Regarding Ozawa's frequent public appearances, the prevailing view in the preparatory committee for the new party and in the other parties is: "He is probably trying to purge the image of being a power behind the scenes. Obviously, he wants to be the secretary general." (according to a senior official of Jiyu Kaikaku Rengo) People close to Ozawa explain that in anticipation of the realignment of the political world, Ozawa wants to be the secretary general who controls elections and party affairs, whoever becomes the new-new party's leader.

Ozawa himself said during a TV program on 6 October, when discussing the division of labor inside the new-new party: "The party chief deals with state affairs. In terms of party affairs, somebody has to work on elections, organizational matters, and steering of Diet affairs. I am more suited to handling party affairs." He also stated, "When it comes to national elections, since we are a gathering of various parties, we need someone with some degree of experience. That is why I am working for the preparatory committee (as the executive committee chairman)." He implied his desire to become secretary general of the new-new party.

At this point, there is no viable rival against Ozawa for the post of secretary general. Nevertheless, former members of the Japan New Party or defectors from the Liberal Democratic Party have a lot of misgivings about the new-new party becoming "Ozawa's new party." Furthermore, even in Ozawa's own camp, younger Shinseito members are concerned that "in exchange for Mr. Ozawa's becoming the secretary general, there might be a corresponding cut in the number of other posts Shinseito can hold."

One senior Shinseito official speculates that "Mr. Ozawa may be trying to get a firm hold on the position of secretary general before the feeling of resentment spreads inside the new-new party group." Thus, in a sense, Ozawa's high profile may be a sign of desperation.

Former Premier Hata Predicts Early Election

OW1011082794 Tokyo KYODO in English 0810 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The next general election may be contested in January or February next year once a new polling system takes effect, former Prime Minister Tutomu Hata said Thursday [10 November].

"After the legislation to introduce a new system passes through the Diet, moves to decide on who will run from which voting district will be accelerated," Hata said at a press luncheon.

"So I cannot rule out the possibility of the next election being held in January or February next year," he said.

Hata, the leader of the opposition party Shinseito, called on Prime Minister Tomiichi Murayama to dissolve the House of Representatives for a snap general election as early as possible.

He said the three ruling parties—the Liberal Democratic Party, Murayama's Social Democratic Party and New Party Sakigake—should seek the voters' opinion on their cohabitation in the current government.

The Diet in January legislated a package of four political reform bills aimed at introducing a new polling formula for lower house elections, which combines single-seat constituencies with proportional representation.

The passage of a bill mapping out new constituencies is required before the next general election can be held under the new system. The demarcation bill cleared the lower chamber last week and is expected to pass through the House of Councillors by mid-November.

Soka Gakkai 'Likely' To Back New Party

OW1011131894 Tokyo KYODO in English 1146 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Influential Buddhist group Soka Gakkai is likely to support the united opposition party to be established on

Dec. 10, because Komeito, the political party it has solely supported, will join the new force, a leader of the group said Thursday [10 November].

Einosuke Akiya told a press conference the group held meetings earlier in the day at its headquarters in Tokyo's Shinjuku Ward and decided to "consider supporting the new party for the time being in Diet elections."

Regarding single-seat constituencies in the next House of Representatives election, Soka Gakkai will decide by itself which candidate to support, Akiya said, suggesting the group may back a candidate from other than the new party.

Soka Gakkai is one of Japan's largest lay religious groups with an estimated 7.5 million members.

Komeito decided on Saturday to disband and split into two new parties—one of which will immediately join the united opposition party and the other later.

Japan's main opposition parties and groups, excluding the Japanese Communist Party, will merge into the new party, which has not been named, on Dec. 10 to rival the current coalition government of Prime Minister Tomiichi Murayama.

Other than Komeito, the forces to joining the new party include Shinseito led by former Prime Minister Tutomu Hata, the Japan New Party headed by former Prime Minister Morihiro Hosokawa and the Democratic Socialist Party.

*** Coalition Termed 'Violation' of Party Politics**

952B0001A Tokyo THIS IS YOMIURI in Japanese Oct 94 pp 38-47

[Article by Nobuo Noda, Kyoto University professor]

[FBIS Translated Text] The Stage Is Set for Bonding Anti-Americanism With Narrow-Minded Tribalism

Japan failed to adapt to the changes in international politics signified by the end of the cold war; it seems to have made a step toward a big fiasco, domestically and internationally.

How does party politics break down? One example is the process of the Nazis' taking power in Germany in the early 1930's. Another is that of various parties converging into the Imperial Rule Assistance Association, if we assume that some kind of party politics existed in Japan in the early Showa period [1926-1989]. But we don't need to bring up such historical examples, because a collapse of party politics is in progress right in front of us here in Japan in the mid-1990's.

We should recognize, I think, that with formation of the Murayama cabinet at the end of this past June, the era of party politics—which was introduced into Japan after the end of World War II—has come to an end. When the Murayama cabinet was born, the U.S. ambassador to Japan said, "This government is legitimate," raising

unilaterally and at the same time loses U.S. military protection, its security will be in extreme danger. When that happens, it is not inconceivable for Japan to make a sudden change and become a heavily armed nation to protect its international position. In order to stop Japan's military forces from expanding, therefore, we should realize that we must first strengthen the Japan-U.S. alliance and establish a system for Japan to carry out its obligations in security areas that are commensurate with its power, rather than priding itself of the results of arms reduction by chipping away at the defense budget little by little.

Logically, the SDPJ should have come up with this kind of realistic approach in international politics out of lessons learned from its own misjudgment of international politics during the cold war. However, as we have seen earlier in its "basic stance" statement, we cannot expect such a humble posture from this party. Even now with political power, the SDPJ is still clinging to illusory pacifism, eager to make a small cut in the defense budget. It will be rather fortunate if such a policy line of the SDPJ is not used as part of the strategy of the LDP's anti-U.S., "tribalistic" group.

The Situation Is Similar to That in the Early Showa Period

In the Asia-Pacific region after the end of World War I, there was a period when Japan under the Shidehara diplomacy pursued a cooperative alliance with the Washington establishment led by the United States and Great Britain. In retrospect, such a period of Shidehara's cooperative foreign diplomacy was also the period when party politics in prewar Japan functioned to a certain extent. But, when the Manchurian Incident occurred, and once Japan revolted officially against the Washington establishment, Japan's party politics began to collapse as well. Today, we seem to find ourselves in a situation similar to that in the early Showa period. Of course, today's Japan doesn't have the military that turned against party politics in the early Showa period. But, violation of the principle of party politics by political parties by themselves, as seen in the recent formation of the Murayama administration, will surely manifest its effect on the international political arena. And, as in the case of the early Showa period, it is highly likely that this will take a form of detachment from the United States or the West European camp.

After all, Japan seems to have failed to adapt itself to the transformation of international politics characterized by the end of the cold war, and has taken the first step toward a major fiasco in both domestic and international fronts. I become utterly hopeless when I see journalists and critics in Japan acquiescing in the continued existence of the Murayama administration and even entertaining a bit of hope for this administration, without recognizing the seriousness of the situation.

[Boxed item: *Profile of the Author.* Nobuo Noda is a professor at the Law Department of Kyoto University

and a commentator. He was born in 1933 in Okayama City, and graduated from the Literature Department of Kyoto University with a major in the modern and contemporary history of Germany. He has been in his current post since 1991. His publications include *From Intellectual Citizenry to Nazism, Crises in History*, and *The End of a Century: Revenge of History*.]

Tension Heightens in Diet Over Tax Reform Bills

OW1011055094 Tokyo KYODO in English 0443 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The squabble between the ruling coalition and the opposition camp over tax reform bills raised tension Thursday [10 November] in the Diet following the "forceful" passage Wednesday of the bills through a House of Representatives committee.

The three parties of the ruling coalition—the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger]—agreed to pass the bills through the lower house on Thursday.

The opposition alliance Kaikaku (Renovation), infuriated by the Wednesday passage of the bills at the taxation reform special committee, decided to block the passage by boycotting Diet business.

The ruling coalition rammed the bills through the committee Wednesday night, but the opposition parties are demanding that the committee's vote on the tax bills be rescinded.

Since the ruling camp plans to continue negotiations with the opposition, the lower house plenary session, which was originally scheduled to open at 1:00 PM, was certain to be delayed.

The Kaikaku group submitted a motion of no-confidence on committee Chairman Osamu Takatori.

Senior ruling coalition party officials urged lower house speaker Takako Doi to open the plenary session at 1:00 PM as scheduled, but Doi expressed reluctance to do so.

Although Doi said she did not believe there had been any serious fault in the procedure for the voting at the tax reform committee, she nevertheless called on the ruling coalition members to make efforts for smooth Diet operations.

Parties Agree To Pass

OW1011130994 Tokyo KYODO in English 1208 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The ruling coalition and the opposition camp agreed Thursday [10 November] to vote on the government-proposed package of tax reform bills at a plenary session of the House of Representatives Friday after they accepted a mediation plan proposed by Speaker Takako Doi, party officials said.

The coalition's three parties—the Liberal Democratic Party (LDP), the Social Democratic Party (SDP) and New Party Sakigake [Harbinger]—rammed the package through the Special Committee on Tax Reform Wednesday despite resistance from the opposition alliance Kaikaku (Renovation), the largest opposition parliamentary group.

The opposition parties demanded that the committee's vote on the tax bills be rescinded, and Kaikaku submitted a no-confidence motion against committee chairman Osamu Takatori.

Doi presented a mediation plan that urged the lower house plenary session not to open Thursday.

The speaker also urged Kaikaku to withdraw the no-confidence motion and proposed to hold additional debate on the bills at the committee to confirm the committee's vote.

Doi also proposed a vote on the package at a plenary session of the lower house on Friday.

The coalition and opposition camp accepted the plan, they said.

The tax reform bills call for raising the current 3 percent consumption tax to 5 percent in April 1997 to cover a revenue loss resulting from extended cuts in income taxes and residential taxes worth an annual 5.5 trillion yen.

Kaikaku submitted to the committee a motion to revise the bills, but the ruling parties rejected it as a tactic aimed at delaying Diet procedures.

Kaikaku, which includes Shinseito, Komeito and the Democratic Socialist Party, plans to inaugurate a new party Dec. 10 to rival the coalition government of Prime Minister Tomiichi Murayama, who is also SDP leader, and has taken a tough stance on deliberations.

The coalition does not want to extend the current Diet session, which expires Dec. 3, in order to secure enough time to concentrate on drafting the fiscal 1995 national budget by the end of this year.

MOF on Tax Incentives for Financial Future Deals

OW1011012394 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 Nov 94 Morning Edition p 1

[FBIS Translated Text] The deadline for the current tax incentives for the transaction of yen interest rate futures at the Tokyo Financial Futures Exchange is set to expire at the end of March in 1995. The Ministry of Finance [MOF], however, has decided to extend the deadline out of fear that if the current tax incentives—widely used as a means to head off the fluctuation of interest rate—are abolished, it would lead to an outflow of futures transactions to other nations. The MOF has also decided to extend the deadline on tax incentives for interest on

foreign bonds issued by Japanese enterprises, also set to expire at the end of March 1995, after concluding that the tax incentives have been transformed into a tangible system. The ruling Social Democratic Party of Japan [SDPJ], which has insisted on a sweeping streamlining of the current tax incentives for businesses, will certainly react against extending them. The MOF plans to consult with other relevant ministries and agencies about including the extension of the deadline for the tax incentives in the 1995 amendment to the tax system.

The tax incentives are applied to various futures and option transactions on the Tokyo Stock Exchange and the Tokyo Financial Futures Exchange. In the case of the futures transaction, banks and securities companies must pay 1-100,000th of the contracted amount of futures transactions in tax.

The tax incentives are applied to futures transactions on the Tokyo Financial Futures Exchange from the standpoint of fostering the market. The tax incentives have been applied to the yen interest futures transactions since 1989. The government decided to set the deadline for the tax incentives at the end of March 1995 when it amended the tax system in 1993.

The MOF has decided to extend the tax incentives out of fear that if they are abolished, it would lead to a hollowing out of the Japanese financial market. While futures transactions of the dollar and the yen, and short-term interest rate futures transactions of the dollar are exempt from taxation, the tax rate on yen interest rate futures transactions is reduced to one-tenth the ordinary tax rate. The extension of these tax incentives will be included in the 1995 amendment to the tax system.

The tax incentives for straight bonds issued by Japanese enterprises on the European market, the deadline of which is set to expire at the end of March 1995, will also be extended. Under the tax incentives, the interest on straight bonds is exempt from taxation. Foreign bonds, including Euro-Yen bonds have been used effectively by Japanese enterprises as a means to raise funds and the MOF believes that it is undesirable to give rise to confusion by reviving taxation on the interest.

Official Urges Leadership in Export Controls

952A0065A Tokyo NIHON KEIZAI SHIMBUN in Japanese 8 Oct 94 p 28

[Article by Masahiko Hosokawa, Arms Export Control Division of the Ministry of International Trade and Industry: "Japan's Leadership in Export Controls Desired: Urge Participation of Asian Nations; Collection, Analysis of Information Is Indispensable"]

[FBIS Translated Text] 1. *Export controls have reached a major turning point along with the qualitative change in the security environment of the world. The Coordinating Committee on Export Controls (Cocom) has been dissolved and a "nonproliferation-type export control" to*

prevent the spread of weapons is playing a central role in response to the concern for regional disputes.

2. Cocom was backed by the overwhelming leadership of the United States, but under nonproliferation-type export controls, it becomes important to provide for collection and analyses of intelligence and joint access to intelligence for global coordination because the system depends on the independent decisions of the concerned nations.

3. There is a need for Japan to take the initiative by engaging aggressively in the development of international rules concerning export controls and by seeking the cooperation of Asian nations that have supplier capabilities for controlled commodities to cooperate in the export control programs.

Shift From Cocom to Nonproliferation-Type Controls

Cocom which symbolized the East-West Cold War era closed 45 years of history at the end of March 1994. Currently talks are energetically taking place among concerned nations in an effort to establish an international export control agency to replace Cocom.

In retrospect, in five years since the collapse of the Berlin Wall in 1989 we have witnessed a Gulf war and a major qualitative change in the environment concerning global security.

Such circumstances have been accompanied by a major turning point in export controls as represented in Cocom of the past. One could say that export controls comprise a merging point for so-called economics and arms control. Accordingly, if the security environment which serves as a premise changes because of the end to the Cold War, export controls should also change in a major way.

Under the East-West Cold War, the strategic threat of aggression or attack by the Soviet Union and Warsaw Pact Nations served as a premise to formulate a basic security policy to "restrain and contain" and to impose an economic blockade by means of Cocom export controls.

In contrast, the East-West Cold War structure has come to an end, and the world is now plagued by the fear of a new threat to world peace and order by the outbreak and expansion of regional disputes such as the Gulf war and in the former Yugoslavian region. Additionally, we see movements in places like Iraq and the Democratic People's Republic of Korea (North Korea) to possess weapons of mass destruction such as nuclear, chemical, and biological and the massive accumulation of conventional arms.

The export controls which we are discussing here can be truly positioned as one link in the security policy aiming at "nonproliferation" to prevent the spread of weapons. In contrast to Cocom, the concept is called "nonproliferation-type export controls."

International frameworks concerning nonproliferation-type export controls already exist in different sectors for the purpose of regulating related materials and equipment that can be used in the development and manufacture of items such as weapons of mass destruction; however, the importance of such controls has been reconfirmed, and the controls have been rapidly expanded and strengthened since the Gulf war. Further, talks are now underway to establish a new post-Cocom organization.

The difficulty of specifying countries to be targeted has been mentioned as a peculiarity of nonproliferation-type export controls. In contrast to Cocom under which the former communist bloc nations were targets of control, nonproliferation-type controls require implementation in a global format and designation of potential targets on the basis of whether or not a nation represents a problem zone. Problem nations have become targets of intelligence exchanges among participating nations and an effort has been exerted to form a consensus. As an example, especially strict controls have been imposed on four countries; i.e., Iran, Iraq, Libya, and North Korea. However, unlike the situation which could be appraised amidst the simple confrontations existing under the world order of the Cold War days, the assessment of whether or not a nation is a problem zone is fraught with globally difficult issues under the obscure and constantly changing world situation.

Next, under Cocom, one goal was to prevent acquisition by the East of high-tech items subject to controls, making it important to check whether or not an item to be exported was subject to control.

By comparison, nonproliferation-type export controls require an assessment of whether or not the item to be exported can ultimately be used to develop and manufacture weapons of mass destruction. In other words, the purpose is to regulate the export of items which could be the target of such concern without obstructing normal economic activities. Attainment of that goal requires an examination of ultimate use and ultimate user of the item being exported and arriving at an assessment of whether or not the transaction is suspicious.

Although a readily imaginable situation, the foregoing examination is a very difficult one for both exporter and export control authority, and the examination procedures will require an approach which is radically altered from that used under Cocom.

Overall System of Coordination

Finally, we can point to a difference in the status of international coordination. Specifically, under Cocom, export approvals were issued basically on the basis of a consensus of 17 member nations. As a result, if any participating nation exercised a veto, the system provided for internationally strong constraints which prohibited the exports. It can be said that this mechanism

was established under overwhelming U.S. leadership during the Cold War period.

Comparatively speaking, nonproliferation-type export controls are premised on the independent judgment or discretion of participating nations and call for subtle coordination based on intelligence covering delicate data and information on pending transactions of problem nations exchanged among participating nations. The system is premised on the independence of each participating nation and can be referred to as a "holonic system" which in effect calls for overall coordination. The current multifaceted international relationships are also reflected in export controls.

International export control systems are changing in this manner in response to the environmental changes in world security, but the question is, what are the issues that face our nation under this situation?

Currently, work is being done on the construction of a new international order for the post-Cold War era, but export controls will represent one of the pillars to international order for security. We can say that the active efforts at the formulation of a framework and rules by Japan as a major high-tech exporting nation would represent an important international contribution.

Japan became a member of Cocom in 1952 which had been established three years earlier, but that move could be referred to as one which acquiesced with an international order built under the leadership of the United States. What is needed now is to coordinate with nations such as the United States in independently building an international order.

Further, the coexistence of a variety of international export control systems calls for countries like Japan to suggest a master plan to either close down or restructure such systems on a medium- or long-term basis or to gradually consolidate all such systems.

As reflected in Cocom, export controls in the past have been enforced primarily by industrially advanced nations of the West as framework members.

However, assuring the effectiveness of export controls on an international basis calls for other nations with the capability to supply controlled commodities to implement similar export controls. Of special note is that an increase in new types of controlled commodities has expanded the need for such controls.

Such a perspective has served to inspire the current movement in which several South American nations have been assisted by Europe and the United States in establishing export control systems and participating in the international framework.

In contrast, despite the fact that Asian nations such as newly industrialized economies (NIES) and Association of Southeast Asian Nations (ASEAN) have grown significantly on an economic basis and possess the capability

to serve as suppliers, the situation is such that they cannot be appraised as having an adequate understanding of the need for export controls. If this situation were to be neglected, we would not be able to say that international controls are not incomplete. The important role that Japan must play is to seek an adequate understanding of Asian nations on the necessity of export controls, to actively provide assistance and cooperation in the independent establishment of export control systems by these nations, and to encourage their participation in such programs.

In recent times, the foregoing viewpoint has caused Japan to advocate the "asian export control initiative." Among Asian nations, bilateral and regional talks have been initiated and the operation of control systems are being coordinated with South Korea and Taiwan, which possess relatively advanced forms of export controls. Further, in December [1994], over 10 Asian nations will be invited to the "Asian export control seminar."

Moreover, this sort of Asian nation perspective should be sought not only from governments but from corporations as well. Specifically, now that the recent strong yen has caused Japanese corporations to actively establish production centers in Asian nations, Japanese firms must take careful action in handling exports not only from Japan but from overseas production centers.

Necessity for Detailed Intelligence

As stated earlier, the most important points to be examined under nonproliferation-type export controls are the ultimate use as well as the ultimate user. Under such circumstances, indispensable is a variety of detailed intelligence for use in export control examinations such as specific activities of the problem nation and the nature of the procuring agency. Accordingly, there is an urgent need to establish a system for collecting and analyzing intelligence of this nature.

Japan, which had the tendency to depend on intelligence from other nations in the past, faces the need to quickly establish the determination and system to collect and analyze intelligence objectively.

Further, even on an international basis, co-ownership of intelligence among participating nations has become essential. Co-ownership of intelligence on an international basis of this nature among nations with common values can be considered as applying to so-called international public property. Japan must consider the necessity of how it will make future contributions in building such international public property.

OTO Role in Market-Access Issues Examined

952A0014A Tokyo ESP in Japanese Sep 94 pp 70-75

[Article by Koichi Muramoto, Office of Trade and Investment Ombudsman (OTO), Coordination Bureau, Economic Planning Agency.]

suspicion among the majority of Japanese who had never thought this way. The ambassador's statement gave them room for doubt: "This government may not have legitimacy." Probably, by saying what he said, the ambassador warned the Japanese people that "the legitimacy of the Murayama cabinet is not self-evident."

Breaking the Rules and Lacking Legitimacy

I myself believe that the coalition between the Liberal Democratic Party [LDP] and the Social Democratic Party of Japan [SDPJ] with Mr. Murayama as prime minister lacks legitimacy, because it is in violation of the basic rules of party politics. In June 1993, the SDPJ called for a no-confidence vote in the LDP's Miyazawa cabinet. As the vote was passed, a general election for the House of Representatives was held in July 1993. Preparing for this election, the SDPJ reached a basic agreement with Shinseito [Japan Renewal Party], Komeito, the Democratic Socialist Party [DSP], and the United Social Democratic Party [USDP] to create a coalition government after the general election, and fought as a member of the "anti-LDP" camp. Then, it suffered a crushing defeat, reducing its seats in the Diet from 141 to 76. A year later, without seeking judgment of the people even once, it stopped being "anti-LDP," and formed a coalition government with the LDP. Furthermore, the Murayama coalition administration is not content to be a caretaker government; instead, it is aiming to become an "administration with long-term stability." If this is not a violation of the rules of party politics, what can it be?

Yohei Kono, a member of the LDP, who was appointed as the coalition government's deputy prime minister and minister of foreign affairs by Prime Minister Murayama, was a leading member of the cabinet that was overthrown by the SDPJ's no-confidence vote. During the general election last summer, the SDPJ appealed to voters to support the party, saying that the LDP government with such leaders as Miyazawa and Kono was no good. Yet, it never consulted the will of the voters, and formed a coalition government with the LDP led by Kono. In effect, it deceived the voters.

If the SDPJ changed its perception of the LDP in the past year, or if it recognized some drastic changes in the LDP's character, it should say so clearly in front of the voters and hold a general election at once. Here, saying that the redistricting for the new electoral system has not yet been completed is not a legitimate reason to postpone a general election. Furthermore, it is nothing but debasing parliamentary politics to try to extend the life of its own administration by saying that a certain period of time is needed to let the people understand the new electoral system. Except in the case of an emergency situation such as a war, robbing the voters of a chance to vote for a certain period of time should not be allowed in a democracy.

Apparently Overriding the Voters' Wishes

Speaking of violating the rules of party politics, another violation is that the prime minister of the LDP-SDPJ

coalition government is from the SDPJ, which has far fewer seats in the Diet than the other. When the general election was over last summer, the number of seats in the Diet held by the LDP and the SDPJ were 227 and 76, respectively. If they want to insist that a coalition of the largest and the second-largest parties naturally reflects the public's wishes, they should have selected the prime minister at least from the party that had three times the number of seats in the Diet held by the other party. Apparently, the voters' wishes were overridden; the prime minister was chosen from the party that sustained a major defeat in the election and captured only 76 out of 511 seats, rather than from the leading party that won 227 seats.

If a Diet member, once elected, can discard his [political] stance and the promises he made during his election campaign and be free to form any kind of coalition government, party politics will not function—there will be no meaning to an election that will be fought by candidates from different parties and with different campaign promises. According to parliamentary elections in Germany and England, major political parties campaign with their own candidates for the premiership, and therefore, voters in effect can select the prime minister by themselves. Such a system is becoming common among Western parliamentary democracies, but in Japan, a prime minister is chosen through give-and-take among the Diet members, with a complete neglect of the wishes of voters. In this sense, we have already been far removed from the way it is in Western democracy. We seem to have reached an extreme because of the birth of the Murayama administration along with the LDP-SDPJ coalition.

When the recent coalition government was formed, people from the governing parties said in effect, "We want you to judge this administration according to actual results of its policies in the future." They must have said this because they felt some sort of guilt over the process of forming their administration. There is nothing farther removed from party politics than the idea that even if its formation process was problematic, an administration should be accepted as long as it generates good policies. Placing importance on the process of forming an administration is the basis of parliamentary democracy. The idea of judging an administration according to its policies alone without questioning the process of its formation is tantamount to dictatorship or authoritarian politics.

I believe that the recent formation of the Murayama administration is akin to a coup d'etat by the Diet members opposing the principle of party politics. Therefore, I even believe that the citizens need not to follow the administration's policies, and that they can exercise their right to resist. Of course, doing so might be going too far. But, what is odd is that there has been no surge of movement in the mass media to overthrow the Murayama administration, whose legitimacy is so questionable.

"Worshipping Liberalism" Has Weakened Criticism

We can conjure up many reasons for such inaction [by the mass media]. But we must not forget that journalists, intellectuals, and university professors in Japan still tend to "worship the left wing," "worship the SDPJ," and "worship liberalism"—liberalism, here, is in a sense of being lenient to the left wing. In other words, for many people in Japan's intellectual class who were sympathetic toward the communist bloc during the cold war and supported the SDPJ implicitly and explicitly, it is a great pleasure to see the birth of a cabinet with the SDPJ's chairman as prime minister. Therefore, although they feel bewildered by the coalition with the LDP, they tend to take the edge off their criticism of the Murayama administration. The other day, when assets of the cabinet members were disclosed, a newscaster from some TV station commented in effect, saying, "As this kind of a moneyless person has become our prime minister, the birth of the Murayama cabinet in itself is quite significant." And a commentator beside him was repeatedly nodding in agreement. Here, I saw in them a feeling of strong affinity toward the new prime minister that was quite different from their feelings toward prime ministers in the past. Am I biased?

Prime Minister Murayama exhibits a personality quite different from that of former LDP bureaucrats turned prime ministers or that of party-faction-oriented prime ministers like Kakuei Tanaka. His personality is exactly like that of left-wing intellectuals; he has overall qualities of left-wing intellectuals of the by-gone era—lacking oily-faced strength, having a rather skinny figure, and being kind and honest. We may not have to worry that this kind of individual will ever get involved in money-soaked scandals. And, even if he advocates "constitutionality of the Self-Defense Forces [SDF]," he will probably try to put a cap on the increasing strength of the SDF, unlike those years when the LDP had sole political power. At the local government level, the left-wing forces were once able to install Ryokichi Minobe as governor of Tokyo. This time, however, they were able to send their representative as the most powerful position in Japan. Although the fact is that they are going against party politics to a certain extent, they believe that they can try to reflect the opinions of their liberal camp in their actual policies by closing their eyes to this fact.

Those who think in this manner seem to abound in the mass media and the world of intellectuals, I believe. If not, it is hardly possible to explain why people in the press and critics have been so lenient toward the Murayama administration, which was formed in open defiance of the principle of party politics.

Those who think that "worship of the left wing" and "worship of the SDPJ" have already abated as the cold war ended should read feature articles on the Murayama administration in the September issue of *SEKAI*, published by Iwanami Shoten. There, Hiromichi Imai, professor at Hokkaido University, wrote an article entitled

"Pursue 'Civilian-Oriented Political Culture,'" saying that the agenda for the Murayama "dove administration" is to take the first step toward "unification of the pro-Constitution group, the liberals, and the civilian-oriented group," without taking issue with the illegitimacy of the Murayama administration. Also, in an interview between Masumi Ishikawa and G. Curtis in the same special edition, Ishikawa, an editor of a leading national newspaper, acknowledges the "strangeness" in the forming of the Murayama administration in light of the results of last year's general election, but still voices his expectation of this administration on the ground that it is the "last chance to preserve the tradition of social democracy." He, therefore, says without reservation, "I am rather lenient toward the Murayama administration."

As may be expected, Curtis, an American scholar of politics, rebuts this by saying, "It is meaningless to call it a 'dove administration' or a 'gentle administration,' repudiating the Murayama administration. Then, he asks Ishikawa in a sarcastic tone, 'What are the things you like about the Murayama administration?' He warns that if this kind of absurd politics continues, it will affect Japan's economic and social systems, raising the unemployment rate and possibly leading weary voters into a dangerous political situation.

As can be gleaned from the above opinions appearing in *SEKAI*, Japanese intellectuals and journalists still "worship the SDPJ." They welcome the formation of the Murayama administration, and although they feel bewildered by the coalition with the LDP, they still consider this administration as an important step toward realization of their ideal. "We Can't Simply Settle With the 'LDP-SDPJ Coalition'"—this is the title attached to the Ishikawa-Curtis interview, probably by the editors of *SEKAI*. Here, also, we can sense their expectations toward the Murayama administration. And, these expectations are not too difficult to fathom, because, contrary to the expectations of LDP politicians who joined hands with the SDPJ in forming the coalition, the prime minister's authority, once captured, is quite powerful. Therefore, if the Murayama administration can keep itself going for a certain period of time, it may have a chance to steer the Japanese politics toward those expectations espoused by the people who subscribe to *SEKAI*.

Has the SDPJ's Basic Character Changed?

During the interpellation at the Diet soon after he took office, Prime Minister Murayama acknowledged that the SDF was constitutional, declared that he would keep the Japan-U.S. Security Treaty, and stated that the SDPJ's policy of "demilitarization and neutrality" has completed its historical role. To legitimize the change in the party platform brought forth by Prime Minister Murayama, the SDPJ's executive committee even wrote a document entitled "The Basic Stance of Our Party To Meet the Current Political Situation (Draft)" in preparing for an extraordinary party convention scheduled

for September. But, can we conclude from this that the SDPJ's basic character has changed completely? First of all, I must point out that the procedure that political parties must follow under parliamentary democracy was completely trampled on, with a complete reversal of procedural steps. A political party under parliamentary democracy must form its own political will according to democratic procedures. Otherwise, there is a danger that a political party, like the Nazis that formed a totalitarian system with its leader having absolute power, may use the parliamentary system to gain power and destroy the parliamentary system itself. Therefore, the current German Constitution (Basic Law) is based on bitter experiences of the Weimar Republic, which allowed the rise of the Nazis, and specifically requires internal structures of political parties to conform to "democratic principles."

Heavy Responsibility for Destroying Democracy

The recent policy transformation of the SDPJ by Prime Minister Murayama was made so abruptly from the "top," without prior debate and resolution by the party apparatus. If the aforementioned "basic stance" does not get approved during the SDPJ's extraordinary party convention in September, how will Prime Minister Murayama take responsibility for his statements during the interpellation at the Diet? To begin with, such an important transformation in a party platform as changing the view on the SDF from "unconstitutional" to "constitutional" should be approved officially by the party apparatus first, and then be presented to the voters at a general election for their judgment. Simply because of such a deviation from the common sense in parliamentary democracy, Prime Minister Murayama, although he is judged as "sincere" and "honest," cannot excuse himself from heavy responsibility for destroying democracy.

But, what's more problematic is the content of the SDPJ's policy change that is evident in Prime Minister Murayama's statements during the interpellation at the Diet as well as in the party's "basic stance." Probably, most people didn't read carefully the contents of the "basic stance" reported in newspapers, but when I read this rather long statement, I couldn't feel anything but ethical and intellectual degeneration. Arguments there are incoherent, and the statement reads like one written by an infant; it is very difficult to understand what the SDPJ is trying to achieve by forming a coalition with the LDP. Readers of the statement cannot feel any psychological tension that may accompany the SDPJ's transformation from its longstanding policy of denying the SDF.

It is rather amusing, if I may say so, that the statement says, "Politics has a life of its own," and as "the speed of change in situation here and abroad is always faster than that of party reform," and "because of occurrence of an event that was beyond our party's policy and administrative ideas, we were forced to make a new choice." But, this sort of thing should never be presented officially in

a statement of basic policy by a political party that is about to be in charge of the government. It is nothing but trouble for the citizens to see a political party that belatedly realizes that "politics has life of its own" and laments over the ever-changing situation here and abroad to assume the helm of state affairs.

No Self-Examination Over the Errors in Judgment during the Cold War

And, what's worse is that, although the party confesses its own inability, it paints a heroic picture of its role during the cold war and refuses to examine why it made basic errors in historical judgment during the cold war. To begin with, did the SDPJ during the cold war actually pursue "neutrality" in the East-West conflict, as Prime Minister Murayama and the "basic stance" say it did? If it had taken a "neutral" stance in a strict sense, maintaining equal distance from the two camps in the East and the West, that would be commendable. But, in fact, the chairman of this party made a special visit to China during the cold war and said without hesitation, "U.S. imperialism is the common enemy of Japan and China." If this example sounds too old, there is another one: In the midst of the Gulf war, after the end of the cold war, then Chairperson Doi of the SDPJ was asked by an interviewer on TV, "If we refuse to provide economic support to the multinational forces, don't you think Japan will become isolated in the international community?" To this, she cut a swath by saying, "Look at the Soviet Union and China. Are these countries isolated?"

Although the Soviet Union subsequently ended its existence as a nation, rather than becoming isolated, I have never heard that Doi apologized publicly for her error in judgment. Also, I wonder why Doi has not said, "No means no," to the birth of the Murayama administration that ignored the principle of party politics, or to the SDPJ's abrupt transformation to acknowledge the "constitutionality of the SDF." As a constitutional scholar and an activist in "safeguarding the Constitution," she should have protested all these by staking her position as chairperson of the House of Representatives, I believe.

I digressed here somewhat, but I must say that the poor content of the "basic stance" are beyond description. I just don't feel like commenting seriously on the part where the statement explains the "constitutionality of the SDF." Even after reading this statement, I could not understand at all why this party, which used to pride itself on "safeguarding the Constitution" and still criticizes the LDP's "interpretive revision of the Constitution" even in this statement, could say that "the current SDF is within the limit of our Constitution." I believe this kind of ethical and intellectual degeneration seen in the "basic stance" statement is not limited to the SDPJ alone. It symbolizes the spiritual corruption and intellectual bankruptcy of the whole of Japan's progressive intellectuals of the postwar period, typified by such magazines as SEKAI, which has supported this party for a long time.

What worries me is that, as this influential group has lost its spiritual basis like the Soviet Union or the Marxism of the cold war era, and is feeling deeply guilty of its errors in historical judgment, it may start acting like a "wounded wild boar," dashing any which way. And, this "wounded wild boar" is not loose in the fields, but has grabbed the center of power in Japan. It is no consolation to say that everything should be all right because the LDP, the majority party in the coalition government, holds the leash. The reason I say this is that, as in chemical reactions, when more than two disparate political parties are mixed, they may produce a new compound, and in some cases, they may emit deadly poison gas. We also need to realize that the current LDP, which yielded the prime minister's position to the SDPJ so easily to gain political power, is different in nature from the LDP of the by-gone era when healthy conservatism thrived under Shigeru Yoshida and onward.

Parliamentary Democracy Supplemented by the Pro-U.S. Policy Line

I have always thought that in case of Japan, development of parliamentary politics at home and the pro-U.S. policy line in international politics are two sides of the same coin. In other words, healthy development of parliamentary democracy in Japan must be supplemented by the pro-U.S. policy line in the international political side. On the other hand, I have always thought that when Japan moves away from parliamentary democracy, is also the time when Japan moves away from the United States. According to my view, if the Murayama administration, which was formed by trampling on the principle of parliamentary democracy, continues to exist for an extended period of time, Japan-U.S. relations will become more and more estranged. In fact, this scenario is quite likely.

Indeed, Prime Minister Murayama has repeatedly stated that the Japan-U.S. Security Treaty will be kept intact. But, just because the cold war ended, the SDPJ and its supporting groups, which took a strong anti-U.S. stance during demonstrations against the security pact in the 1960's and throughout the cold war era, cannot become true pro-Americans overnight. We must realize that they are still harboring anti-U.S. feelings or hatred toward the United States.

If we truly want to maintain and develop Japan-U.S. relations, we must put to practice at least the following two actions: First, to establish an international security system centering on East Asia, we must further strengthen our cooperative relationship with the United States in military areas, and get our system ready for active participation in UN peacekeeping operations. Second, needless to say, but we must resolve our ever-worsening economic tensions with the United States as soon as possible, even with substantial sacrifice on the part of Japan.

Yet, both of these actions are impossible to carry out without causing great pains on the part of the citizens. I

can't believe that the Murayama administration, which spoke against the Japan-U.S. Security Treaty until recently and now professes to be "dovish" with a slogan of "gentle politics," can carry out these actions decisively. In fact, this administration is reluctant to make Japan a permanent member of the UN Security Council, showing a sharp contrast with the Kohl administration in Germany, which has been readying itself for membership. If things move along this way, Japan-U.S. relations will surely go astray in comparison to German-U.S. relations at the United Nations as well.

In the final analysis, if the Murayama administration continues to exist, Japan will increasingly draw itself away from the United States and will rapidly become inclined to Asianism or Japanese nationalism. What requires caution here is the amalgamation effect of the LDP and the SDPJ as mentioned earlier. The real meaning of the birth of the Murayama administration based on the LDP-SDPJ coalition seems to be that it combines the tribalistic tendency of the LDP and the anti-U.S. sentiment of the SDPJ, driving Japan away from the United States and closer to Asia again. What's remarkable here is that, during the recent change in political situation, those "tribalistic" politicians within the LDP who are known to maintain a tough stance against the United States supported the nomination of Murayama as prime minister. It may sound too cynical, but my view is that these "tribalistic" politicians might have thought that by bringing in the SDPJ, which has a deep-rooted anti-U.S. sentiment within, they would be able to use this energy for their tough policy line against the United States. It is completely wrong to expect that the "doves," like Yohei Kono and Masayoshi Takemura, will curb this kind of anti-U.S., tribalistic tendency. The reason here is that the policy line of the "doves" is to sabotage contributions to the United States and the United Nations in security areas, and thereby to appeal to the Japanese sentiment for pacifism. In this sense, such a policy line will produce nothing but an effect of amplifying U.S. dissatisfaction toward Japan.

Detachment From the United States and International Isolation

Under the Murayama administration, those from the LDP's "tribalistic" group and the SDPJ's left-wing, "anti-U.S." group may undergo chemical reactions using the policy line of the "doves" as a catalytic agent, and as a result, it will probably lead to Japan's detachment from the United States and international isolation. As the Japan-U.S. relations have become estranged under this administration, Japan's dependence on China in international politics will increase in weight. But, this does not mean that China will look after Japan's security in place of the United States. No matter how deeply Japan apologizes for the past war and promotes arms reduction, there is no guarantee that China will act friendly toward Japan. Under the situation where China has nuclear weapons and is promoting modernization of its military forces, if Japan tries to promote arms reduction

5. Conclusion

International economic friction involves a variety of complex factors and improved access to Japan's markets does not lead to immediate resolution. However, while Japan continues to accumulate the largest international balance of payments surplus of industrialized nations, it is also fact that many foreign countries see movements towards protectionism. Accordingly, considering the position that our nation now occupies in the international economic society, taking the initiative in coping with improvements in market access is a policy issue of continuing importance as one link in international coordination necessary to maintain and strengthen the free trade system. Improvement of market access now calls for increasing emphasis on specific solutions for specific problems, and it can be said that it has become increasingly important to respond to such trends through market-access efforts under the auspices of the OTO.

(The views stated in this article are the personal opinion of the writer.)

Businesses, Think Tanks Seek Deregulatory Steps

OW0911153294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Nov 94 Morning Edition p 3

[FBIS Translated Text] The total of requests filed with the Ministry of International Trade and Industry [MITI] by private business and industry groups and think tanks asking for an easing of business regulations has reached 51 as of the end of last week. The requests range widely from easing of regulations concerning electricity, gas, and the location of factories which are under MITI's jurisdiction to that of regulations regarding those areas under the jurisdiction of other government ministries and agencies. The latter requests include, among others, the improvement of working conditions for women and foreigners, expansion of the scope of services for dispatch transaction businesses and fee-paying employment agencies, abolishment of cargo space adjustment procedures governing vessels plying domestic waters, and review of restrictions concerning areas of operations for trucking businesses. MITI plans to forward the list of requests to the Management and Coordination Agency and other relevant government ministries and agencies. At the same time, it plans to study whether it would be possible to have the requests reflected in the 5-year deregulation package to be compiled by the government in late March 1995.

The list of requests have been submitted by the Japan Central Federation of Societies of Commerce and Industry, the Osaka Chamber of Commerce and Industry [OCCI], the Petroleum Association of Japan, the Japan Petrochemical Industry Association [JPIA], the Bioindustry Association [BA], the Japan Cast Metal Industry Association, and other organizations.

Requests for items under MITI's jurisdiction include, among others: 1) to revise the Petroleum Industry Law to

permit preprocessing of heavy gravity natural gas liquid (NGL) which becomes crude oil for manufacturing p

rochemical products; 2) easing of regulations governing safety inspection of high-pressure gas facilities; and 3) a drastic review of the Factory Location Law which requires securing greenery when constructing new factories. Along with its request for easing the Factory Location Law, the JPIA has cited cases where projects to expand factories' facilities have been bogged down due to the inability to secure the required greenery.

Among items under the jurisdiction of other government ministries and agencies, the OCCI has requested prompt easing of regulations governing women working overtime and late-hour work. The organization has also requested expansion of the scope of operations for dispatch transactions businesses which is currently limited to 16 types of services, including computer software development and interpreting. In addition, the organization has also requested the establishment of secondary over-the-counter markets—"junior markets"—whereby businesses which have not met requirements of listing their shares on over-the-counter markets can secure funds from investors who have agreed to invest at their own risk as a rule. Furthermore, the OCCI has requested the easing of regulations restricting faculty members at national and public universities from holding other jobs simultaneously and also the abolishment of the land price monitoring system, among other things.

Because moves have been noted among some local governments toward including in their ordinances restrictions that are stricter than the central government's standards regarding development of genetic recombination technology, the BA has requested that the central government take "appropriate action" against these local governments.

The Japan Ammonia Association has cited specific examples, such as that if the requirement to store g[as]oline and liquefied petroleum gas (LPG) were to be abolished, it would be possible to cut back on storage costs which are 800 yen per kilogram of gasoline and 3,500 yen per ton of LPG.

Panel Not To Hike Utility Rate Before 1995

OW1011055194 Tokyo KYODO in English 0409 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—A ruling coalition panel working on the economy decided Thursday [10 November] against allowing the government to adopt procedures for approving utility rate hikes by the end of this year, as proposed in a draft report, panel members said.

The panel will seek approval of the decision by top policy-makers within the ruling coalition at their meeting on Friday, they said.

The draft report proposes that procedures be taken for approving utility rate hikes, currently frozen until the end of this year, but the new proposal calls for approval of such hikes to be handled on a case-by-case basis, the panel members said.

The panel decided to avoid changing other proposals contained in the draft report, including giving approval for utility rate hikes, only on condition that cost-cutting efforts are taken by the related utility concerns.

First Public Works Spending Drop in 10 Years

OW1011121994 Tokyo KYODO in English 1115 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Japan's public works spending in the April-September period totaled 8,838 billion yen, down 12.9 percent from a year earlier for the first time in 10 years, the Construction Ministry said Thursday [10 November].

Ministry officials said the fall was due partly to the active front-loading of public works projects in the same period of the year before.

In addition, order placements were slow because of the delayed budget approval this year and recent introduction of a competitive bidding system, they said.

Orders placed by government sectors and state organizations during the period amounted to 1,665 billion yen, down 22.9 percent.

Those by local governments and regional public sectors totaled 7,173 billion yen, down 10.2 percent for the first decline in 11 years.

In September alone, the ministry said public works spending plunged for the fifth consecutive month of year-on-year declines by 14.7 percent to 1,949.5 billion yen.

Orders placed by government-controlled organizations were down 38.8 percent at 320.5 billion yen, while those issued by local government-related organizations were down 7.5 percent to 1,629.0 billion yen.

Plan To Hike Postal Savings' Interest Rate Halted

OW0411121994 Tokyo KYODO in English 1208 GMT 4 Nov 94

[FBIS Transcribed Text] Tokyo, ov. 4 KYODO—In a showdown between the Ministries of Finance and Posts and Telecommunications Friday [4 November], the Finance Ministry intervened to halt a postal ministry plan to raise interest rates on postal savings, ministry sources said.

The intervention came as the postal ministry was to raise its interest rate on postal savings, which are equivalent to demand deposits at banks, starting next Monday in line with interest rate liberalization that took effect Oct. 17.

The interest rate on such postal savings now stands at 1.32 percent per annum. The postal ministry apparently had tried to raise the rate to 1.35 percent, a higher rate than those offered for demand deposit accounts at banks. Commercial banks offer about 0.25 percent on their demand deposit accounts.

The Finance Ministry took the action under a law that stipulates the postal ministry must consult the finance minister when postal savings rates may have a strong effect on interest rates at banks.

Postal savings have long been the target of criticism from the banking industry which claims interest rates on postal savings are artificially high.

The intervention by the Finance Ministry apparently reflected the interests of the banking industry, which falls under the jurisdiction of the Finance Ministry.

Ministries Agree on Hike

OW1011133794 Tokyo KYODO in English 1323 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—The post and finance ministries on Thursday [10 November] agreed to raise interest rates on postal savings as early as next Monday, officials said.

The Posts and Telecommunication Ministry had initially planned to increase the rate on ordinary postal savings to 1.35 percent from 1.32 percent per annum effective from Monday this week.

But the Finance Ministry, which supervises private financial institutions, halted the post ministry by saying the average rate on ordinary bank deposits is 0.25 percent, far below 1.35 percent.

If the postal savings rate is raised, the difference with the rate for average bank deposits reaches the upper limit previously agreed on by the two ministries, it said.

In April, the two ministries decided to maintain the difference between interest rates on postal savings and bank deposits in the range of 0.9 percent to 1.1 percent.

Although the ministries still have to discuss details, the rate hike issue will be settled shortly, the officials said.

BOJ: Lending Posts 5th Straight Monthly Fall

OW1011131494 Tokyo KYODO in English 1120 GMT 10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—Lending by all Japanese banks fell on a year-to-year basis in October for the fifth month in a row amid sluggish corporate demand, the Bank of Japan said Thursday [10 November].

"Though the economy is gradually heading for recovery, demand for funds remains relatively weak," a central bank official said.

The average monthly balance of loans extended by all banks in October fell 0.2 percent from a year earlier, unchanged from September, to 518.84 trillion yen, the central bank said.

July posted a record decline of 0.4 percent.

Despite signs of a slowing pace in the drop in lending, whether the fall has bottomed out cannot yet be determined, the official said.

Lending in October by 11 major city commercial banks fell 0.6 percent, 0.9 percent at three long-term credit banks and 3.8 percent at seven trust banks, all down from the September rate due to a sluggish appetite for funds among companies.

Meanwhile, regional banks posted a 1.5 percent growth in lending, up from a 1.1 percent increase in September, and second-tier regional banks marked a 2.4 percent rise, up 0.5 percentage point from the previous month's expansion.

The increases were largely attributable to rising demand by local public authorities.

The average balance of real deposits and certificates of deposit (CDs) at all banks continued upward in October, increasing 2.0 percent to 40,956 trillion yen, with those at city banks rising 0.9 percent. Real deposits exclude checks and bills.

Industrial Activity Remained Slow in 1993

OW0811105094 Tokyo KYODO in Eng?sh 1001 GMT
8 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 8 KYODO—Japan's industrial activity remained sluggish in 1993 for the second consecutive year, the trade ministry said in a report Tuesday [8 November].

The index of the nation's entire industrial activity stood at a seasonally adjusted 100.0 against 100.0 for 1990, down 1.1 percent from the year before, the Ministry of International Trade and Industry [MITI] said.

The decline was attributable to a 4.5 percent year-on-year drop in the industrial output index and a 0.6 percent drop in the tertiary industry index.

A steep fall in the indexes of transportation machinery, general machinery and other processing facilities pulled down the whole of industrial activity.

The ministry said a delay in the recovery of capital investment was caused by the strong yen, which overshadowed profitability in exports.

Moreover, greater share of low-priced imports in the domestic markets was also responsible for the delay, it added.

MITI: Industrial Output Fall

OW0911111594 Tokyo MAINICHI SHIMBUN in
Japanese 9 Nov 94 Morning Edition p 9

[FBIS Translated Text] On 8 November, the Ministry of International Trade and Industry [MITI] released a report entitled the "Present State of Japanese Industry" which analyzes Japan's domestic economy in 1993. The report analyzes that in 1993, the drastic appreciation of the yen and the prolonged stagnation in plant and equipment investment caused a fall in industrial output, especially in the output of machinery related industry, and held back the economic recovery.

The report, which is also called the "Industrial White Paper," is composed of the macroeconomic chapter and the microeconomic chapter. While the macroeconomic chapter gives an analysis of the entire economy, the microeconomic chapter analyzes the production of 129 items by 27 types of business. In the macroeconomic chapter, the report points to a sharp fall in the production of the processing and machinery industries. Thus far, the recession has had more of an adverse impact on the performance of the chemical and steel industries than on that of the processing industry. However, the industrial index in the report shows the 1993 recession causing the process industry to suffer a more adverse setback in its performance than the chemical and steel industries.

That occurred because the processing industry depends more heavily on plant and equipment investment than do the chemical and steel industries. The report explains that the yen's continued appreciation in 1993 greatly clouded the prospects for profits from enterprises investments.

MITI points out that the recent recession is not a mere circulatory one, and it carries structural changes. MITI also says that for Japan's economy to regain its vitality, it is necessary to promote technological renovation and provide assistance to new industries.

Comprehensive Land Development Project Planned

OW1011042594 Tokyo KYODO in English 0244 GMT
10 Nov 94

[FBIS Transcribed Text] Tokyo, Nov. 10 KYODO—A panel of government advisers decided Thursday [10 November] to draft a new grand blueprint for Japan's overall land development, focusing more on regional self-reliance, international exchanges and environmental protection, government officials said.

The National Land Development Council, which advises Prime Minister Tomiichi Murayama, agreed at a meeting to fashion the new plan by the end of fiscal 1996 to replace the current fourth comprehensive national development plan, which was originally set to expire in fiscal 2000.

The new plan will cover an approximately 15-year period to 2010, the officials said. Japan's fiscal year begins April 1.

The four comprehensive development plans implemented so far mainly featured projects for enhancing industries and building highways and other infrastructure. The current one was put into effect in fiscal 1986.

"Our nation's socioeconomic system is rapidly becoming unable to cope with the changes both at home and abroad," Murayama told the council meeting. "It is a time to draw up a comprehensive development plan based on new ideas."

The council elected Atsushi Shimokobe, who heads a research institute of Tokio Marine and Fire Insurance Co., as its new chairman.

Working groups for the project will start discussions early next year with the aim of creating a rough draft by the autumn of 1995 and an interim report in the autumn of 1996, for cabinet approval by the end of March 1997.

The council's research task force, in a report in June, called for a shift to a new land development policy that gives more weight to efforts toward symbiosis with the environment and exchanges among local areas as well as with foreign countries.

North Korea

Envoys Hold News Conferences on Agreed Framework

SK0911141394 Pyongyang Korean Central Broadcasting Network in Korean 2200 GMT 9 Nov 94

[FBIS Translated Text] Our country's ambassadors to Guinea, Uzbekistan, Ukraine, and Ethiopia held news conferences on the publication of the DPRK-U.S. framework agreement. Reporters from newspapers and news agencies of each country attended the news conferences.

The ambassadors gave details of the U.S. President's letter of assurance sent to the dear leader Comrade Kim Chong-il and the framework agreement. Saying that the most important thing is correctly implementing the contents stipulated in the framework agreement, the ambassadors stressed that the DPRK will contribute to the denuclearization of the Korean peninsula as well as to the peace and stability of Asia.

The ambassadors then answered reporters' questions.

Meetings on North-U.S. Accord Held Abroad

SK0911234894 Pyongyang KCNA in English 2157 GMT 9 Nov 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 9 (KCNA)—Functions supporting the DPRK-U.S. agreed framework were recently held in Nepal, India and Romania.

D. K. Shahi, vice-chairman of the senate, speaking at a symposium held in Kathmandu under the sponsorship of the international study centre for chuche oriented mass media in Nepal, said the adoption of the agreed framework between the DPRK and the United States for a solution to the nuclear problem is one historic event. "With its adoption it has become clear that the Western rumors about the possession of 'nuclear weapons' by North Korea was groundless", he said.

He expressed the belief that an atmosphere of understanding and peace will be created on the Korean peninsula and in Asia through a successful implementation of the agreed framework and Korea's reunification will be achieved at an early date.

Narayan Man Bijukchhe, chairman of the Nepal Worker-peasant Party, said in a speech: "We cannot but be concerned over how the United States will implement this agreed framework. But we are convinced that the heroic Korean people guided by their outstanding leader Comrade Kim Chong-il will daringly break through any difficulty and trial".

Govind Narin Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, at a meeting held in New Delhi sponsored by the institute said that the DPRK-U.S. agreed framework will greatly contribute to further enhancing the [word indistinct], prestige of the DPRK, fully solving the nuclear issue on the Korean peninsula and defusing the hostile relations between the DPRK and the U.S.

Messages of greetings and solidarity to the dear leader Comrade Kim Chong-il were adopted at the functions in Nepal and India.

Meeting supporting the DPRK-U.S. agreed framework and confederation formula was held at the building of the socialist (communist) party of Romania.

Overthrow of Kim Yong-sam Government Urged

SK1011101294 Pyongyang KCNA in English 1007 GMT 10 Nov 94

["Kim Yong-sam Traitorous Group Must Be Overthrown at Once"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The urgent task facing the nation and the South Korean people is to overthrow such traitors as the Kim Yong-sam group as soon as possible before they inflict greater disasters on the nation, stresses NODONG SINMUN in a by-lined article today.

Recalling that the Kim Yong-sam puppet clique viciously attempted to block the progress of the DPRK-USA talks, the article says:

[FBIS Translated Text] 1. What Is the OTO Doing?

The Office of the Trade and Investment Ombudsman [OTO] is an organization established in 1982 for the effective implementation of market-access systems to cope with international economic friction. Its mission involves the receipt of complaints about specific problems that present difficulties in entering our nation's markets and the formulation of case-by-case solutions. No restrictions are imposed on the status of grievants who can originate complaints—domestically from importers or internationally from exporters, from government agencies or nongovernment agencies, or from a single corporation or a single individual. Further, in those cases where the grievant does not wish to reveal his personal name or corporate name, it is permissible to submit a complaint on a proxy basis using embassies located overseas or in Japan, foreign chambers of commerce and industry in Japan, domestic economic organizations, or the Japan External Trade Organization (JETRO).

Complaints that come under the purview of the OTO are defined as "market-access issues, including import procedures, and specific complaints concerning the facilitation of imports," or, in plain language, it covers all market-access issues consisting of obstacles to entering our domestic markets that can be remedied through some kind of government action.

2. The Ombudsman Role of OTO

The OTO is referred to as an ombudsman organization because it is not a simple government organization, but a forum including private-sector intellectuals, comprising a system which advises the government as needed from a third-party, neutral viewpoint. The OTO consists of the Office of Market Access (a government agency, chaired by the prime minister) and the Market Access Ombudsman Council (an agency composed of private-sector intellectuals, chaired by Ministry of Foreign Affairs adviser Yoshio Okawara).

Accordingly, disposition of complaints submitted is not determined solely at the convenience of the government, and when the Market Access Ombudsman Council deems that government response was inadequate in a given case, the Market Access Ombudsman Council will ensure a modification in the government's disposition of a case.

3. Two Processes for Disposition of Complaints

The OTO complaint disposition procedure involves two different processes.

(1) Complaint Disposition Process

The first is a normal complaint disposition process which has been maintained since the OTO was initially established. The process provides for the receipt of complaints at any time by the Economic Planning

Agency [EPA] Coordination Bureau (the OTO secretariat), 15 concerned ministries and agencies, JETRO, and Japanese overseas diplomatic and consular offices, and incremental feedback from the concerned ministry or agency to the complainant of the status of planned complaint disposition. In cases where the complainant is not satisfied with the feedback on the case, the Market Access Ombudsman Council Complaint Disposition Subcommittee will conduct hearings and will submit its opinions to the government as determined necessary.

(2) Issues Submission Process

The second process is one which was established in 1992 and provides for the Market Access Ombudsman Council to compile a report on its views on necessary government policy actions in the area of market-access issues concerning Japanese standards and certification systems. This process includes inquiries from the EPA, which serves as the secretariat for the Office of Market Access and the Market Access Ombudsman Council, to foreign chambers of commerce and industry in Japan, foreign embassies in Japan, and domestic economic organizations on any complaints submitted to them concerning Japanese standards and certification systems and provides for the submission of any such complaints to the secretariat. Complaints submitted are clarified in terms of their content; hearings are held by the Market Access Ombudsman Council with complainants and concerned ministry or agency in attendance; the Market Access Ombudsman Council prepares a report recommending the final disposition to be made by the government; and the government makes a decision on the action to be taken with maximum consideration given to the Market Access Ombudsman Council report.

4. Market-Access Case Study Under the Auspices of OTO

Table 1 reflects the number of complaints handled by OTO since it was established more than 12 years ago. The complaint count is high for the initial years of the program, but this is thought to be attributable to the fact that many complaints were submitted because of the debut of a complaint handling agency, while a special feature reflected in the table is that the establishment of a new issues complaint process in 1992 led to an overall increase in complaints when the counts for the two processes were combined.

Table 1. Yearly Complaint and Issue Submissions
(as of 5 August 1993)

Year	Complaints	Issues	Total
1982	88		88
1983	50		50
1984	25		25
1985	68		68
1986	27		27

**Table 1. Yearly Complaint and Issue Submissions
(as of 5 August 1993) (Continued)**

Year	Complaints	Issues	Total
1987	80		80
1988	32		32
1989	20		20
1990	50		50
1991	26		26
1992	25	31	56
1993	18	50	69
1994	10	none	10
Total	519	81	600

Table 2 reflects the disposition of complaints after administrative processing of individual cases was completed. Cases where remedial action was taken combined with those where the elimination of misunderstandings resulted in the promotion of imports indicate that in about 60 percent of the cases the process resulted in increased imports.

Table 2. Disposition of Complaints (as of 5 August 1993)

Disposition	Cases
Remedial action	159
Eliminated misunderstanding of facts	192
(Elimination of misunderstanding resulting in promotion of imports)	(118)
(Others)	(74)
No action taken	133
Total Cases Completed	484

The following text will introduce several cases received and processed by OTO.

(1) Is overly stringent requirement for freshness of foodstuffs a market-access issue?

When we shop in a supermarket or food store, we find that most foodstuffs carry manufacturing dates.

Provision of manufacturing date on foodstuffs is a requirement imposed by the Food Sanitation Law, Japan Agriculture Standard Law, and ordinances to prevent illness from consuming bad food and to protect public health.

In actuality, the public is widely aware that manufacturing dates are displayed on foodstuffs, and it is believed that many individuals take them into consideration when they shop for food. We often see shoppers pulling an item out from the back end of a display in an effort to purchase the freshest of foodstuffs.

However, such preference for freshness was submitted as a market-access issue by several foreign nations.

The viewpoint of the U.S. Embassy in Japan and the U.S. Chamber of Commerce and Industry in Japan which had submitted the issue is summarized as follows:

In Japan, consumer preference for freshness has been converted into unreasonably short sales and delivery time allowances by retailers and wholesalers based on manufacturing dates, placing foreign foodstuffs, which require transportation and customs clearance time, at a competitive disadvantage to domestically produced foodstuffs.

Accordingly, they would like to have Japan adopt the product expiration date system vice the manufacturing date system in accordance with international practice.

The most essential information to consumers is the expiration date, while use of that dating system will have the advantage of reducing product returns and disposals and of preventing the waste of resources.

Hearings were held with the issue submitters and concerned ministries (Ministry of Health and Welfare [MHW] and Ministry of Agriculture, Forestry, and Fisheries [MAFF]) in attendance; and the OTO Advisory Committee (forerunner of the Market Access Ombudsman Council) issued the following opinion:

International criteria and standards for display of dates on foodstuffs are contained in FAO/WHO [Food and Agricultural Organization/World Health Organization] Joint Foodstuffs Standards Program (CODEX), "Date of Minimum Durability," which should be used as a guide. Considering Japan's position in international society and the current situation with international trade in foodstuffs, there is a need for Japan to coordinate its practices with international criteria and standards.

Considering developments in recent years in foodstuff manufacturing and distribution technology and the availability of foodstuffs from a variety of processing methods and the fact that it is difficult for consumers to judge the integrity of foodstuffs based on their appearance, the display of an expiration date rather than a manufacturing date would be more logical for use as a guide in selecting foodstuffs.

Accordingly, there is a basic need to adopt the display of the expiration date as a substitute for the manufacturing date in terms of dating foodstuffs in the future.

The government has responded to the foregoing opinion by initiating work to adopt a system of displaying expiration dates. Both the MHW-sponsored "Committee To Study Display of Dates on Foodstuffs" and the MAFF-sponsored "Foodstuffs Marking Issues Advisory Committee" have completed reports recommending a shift from manufacture date display to expiration date display. Subsequently, the Foodstuffs Sanitation Research Council and the Agriculture and Forestry Materials Standards Research Council will submit reports, and revisions will be made to the MHW ordinances with a target date of fall 1994 and to JAS

standards and quality display standards with a target date of some time this fiscal year, leading to the adoption of an expiration date system.

(2) What should be the length of service station pump hoses in meters?

Sometimes cars are refueled through hoses connected to pumps at service stations. At one time, regulations in Japan and the United States which specified different hose lengths became a market-access issue.

The "Government Ordinance on the Regulation of Dangerous Items" (referred to as the government ordinance, for short) prescribed a length of no more than three meters for service station pump hoses. U.S. regulations prescribed a hose length of no more than 5.4 meters, and the complaint alleged that the strict Japanese regulations posed an obstacle to the import of service station pumps.

This particular case was presented during President Bush's visit in 1992 and was submitted to the OTO as a complaint from foreign-based corporations.

The assertion of the complainants was that they wanted the regulations to be relaxed because the government ordinance prescribing the length of the hose was too strict and made it impossible to import and sell European and U.S. service station pumps with hoses measuring in excess of three meters.

In response to the above complaint, the Ministry of Home Affairs Fire-Defense Agency consulted on-site surveys from various foreign nations, reviewed the matter from the standpoint of safety in handling dangerous items, and finally revised the government ordinance to allow for hose lengths of five meters or less, and obtained the acceptance of the complainants.

(3) What are Eco Mark-labeled products which are gentle to the environment?

The Eco Mark system is administered by the Environmental Agency-supervised Japan Environmental Association which authorizes the use of the Eco Mark label and recommends consumer use of products contributing to the preservation of the environment by imposing a minimal environmental burden.

The question is, why did the Eco Mark system become a market-access issue?

A foreign-based firm, which manufactures and sells coffee filter paper, developed a new product which had a minimal environmental impact and applied for approval to use the Eco Mark, but the application was denied. The applicant asked why this new foreign product was rejected, when certain domestic manufacturers had already received approval to use the Eco Mark on filters with minimal environmental impact? A complaint was filed with the OTO on the basis that the new product had been developed in consideration of the Japanese consumers' preference for environmentally safe products along with a sales strategy compatible with that approach

and that the denial imposed major damages. In Japan, Eco Mark-labeled filters found in the market place are unbleached and displayed next to chlorine-bleached white filters. The complainant explained that the filter in question was bleached, not with chlorine bleach, but with oxygen bleach which does not emit dioxins, placing the filter at the same minimally environmentally invasive level as unbleached filters. In this connection, we should point out that the filter in question is whiter than unbleached filters, but more tannish than chlorine-bleached filters or, simply stated, are a slightly tan-colored filter. With respect to this color, the complainant explained that it was developed in consideration of the preference of consumers in our nation for white products in contrast to consumer preferences in Europe and the United States.

Hearings on this case by the Complaint Disposal Special Conference (predecessor to the Complaints Disposition Subcommittee of the Market Access Ombudsman Council) with the complainant and the Environment Agency as the interested agency in attendance found that administrative errors had apparently been made in the handling of the application for the Eco Mark and a decision was made and accepted by the complainant for the applicant and the Eco Mark authorities to consult with each other at an early date for a joint conference to discuss the merits of the case and to make a new decision on approval or disapproval.

(4) Lifting of restrictions on motorcycles has also become a market-access issue.

There are probably quite a few people around us with motorcycle operator licenses, but I would imagine that only a very limited number of young people have unrestricted motorcycle operator licenses for large motorcycles with engines larger than 400 cubic centimeters.

When young people want to acquire operator licenses for motorcycles, they normally use authorized driving schools while they are still in high school since they are eligible for motorcycle licenses at age 16, or they combine motorcycle and automobile driving lessons at student camps while enrolled in college. Needless to say, they could limit themselves to taking an operator test at the driver testing centers, but very few people acquire licenses through that approach.

I have repeatedly used the term "young people" from the beginning of this section, but the reason is that, before the current system was implemented in 1975, there was a very fortunate period in which whenever an individual acquired an ordinary passenger vehicle license, he also was automatically licensed to operate motorcycles without restrictions concerning those equipped with engines larger than 400 cubic centimeters. Accordingly, a considerable number of individuals in the relatively older age categories have licenses to operate large motorcycles, although most of them do not seem to make use of such licenses.

However, the number of motorcycles registered in our nation was about 17.43 million as of 1993, which ranked highest on a global basis, but only about 1.8 percent of them were in the large-size category. This percentage ranked lowest of all nations and compared with 34 percent in the United States, 19 percent in Great Britain, and 18.8 percent in Germany.

The question now becomes why the figures are arrayed in this manner. We might come up with the viewpoint that our nation has little need for large motorcycles. However, according to a survey by the Japan Automobile Manufacturers Association, of those already owning motorcycles, 40 percent say "they want to buy" a large motorcycle, and 32 percent say "they want to buy one, but cannot." When this group of 72 percent who were potential buyers were asked for their reason for not buying large motorcycles, 70 percent said, "Acquiring a license is difficult." Of special note is that 79 percent of those in their teens and 75 percent in those in their twenties gave that answer.

Accordingly, the reason for limited purchases of large motorcycles should be considered as a regulatory one associated with the difficulty of acquiring a license rather than limited demand for larger motorcycles.

The introduction to this section has turned out to be somewhat lengthy, but regulations concerning motorcycles in Japan have become a source of a complaint from the U.S. Embassy in Japan.

The assertions contained in the complaint were roughly as follows.

In Japan, road and traffic laws and ordinances provide:

a) A separate set of skills tests is required to acquire operators licenses for motorcycles with engines larger than 400 cubic centimeters (other nations with this requirement are limited to Belgium, Singapore, and Malaysia), but there is no system for undergoing skills tests for motorcycles of that class at authorized driver training schools.

b) Carrying two persons on a motorcycle is prohibited on freeways; the only other nation with such a restriction is South Korea.

c) The speed limit for passenger cars is 100 kilometers an hour, but 80 kilometers an hour for motorcycles, a restriction found only in Japan.

It is requested that remedial action be taken because restrictions of the above nature have obstructed the wider use of large motorcycles in Japan nation and have made it difficult for U.S. and European motorcycle makers, who produce mainly larger motorcycles, to enter the Japanese market.

Further, the OTO secretariat received a claim from European manufacturers that Japan nation has created an inequitable situation by obstructing wider ownership

of large motorcycles domestically through regulations, while manufacturing and exporting large motorcycles to Europe, where they command a large share of the market.

Hearings were held with complainants and the National Police Agency as interested agency in attendance and on 13 May the Market Access Ombudsman Council released its opinion as summarized below:

a) Early action should be taken to consider the revision of laws and regulations to provide for establishment of a system for skills testing on large motorcycles at authorized driver training schools. Continuing studies should be made of data submitted by the complainant on the frequency of accidents and their correlation with engine size relative to the appropriateness of special skills tests imposed for motorcycles with engines larger than 400 cubic centimeters.

b) On the restriction prohibiting the riding of two persons on motorcycles on freeways, a review should be made of recent data on the safety of two riders on large motorcycles submitted by the complainant and if a determination is made that a safety issue does not exist, regulations should be revised.

c) On the restriction imposing a lower speed limit for motorcycles, the concerned agency should provide the complainant with data justifying the limitation, but if such data are not available, it should consider revising the speed limit.

In response to the foregoing opinion, the Office of Market Access made a decision on 24 June 1994 that the government will take the following actions:

a) An early study will be made to revise laws and regulations to implement by a system 1996 providing for training and testing on large motorcycles at authorized driver training schools and exempting those who complete training and pass the prescribed tests at such schools from testing by the Public Safety Commission prior to the issuance of licenses.

Further, continued studies will be performed on accidents and their correlation with engine size based on data submitted by complainants relative to the appropriateness of a separate set of tests for motorcycles with engines larger than 400 cubic centimeters.

b) On the prohibition imposed on motorcycles carrying two persons on freeways, data submitted by complainants on the safety of recent two-person large motorcycles will be studied, and if it is determined that no problem exists from the standpoint of safety, the regulations will be revised.

c) On the lower speed limit imposed on motorcycles, data justifying the restriction will be furnished to the complainants expeditiously.

They did not like the talks from the beginning. When the talks made a progress they got restless and employed every conceivable means to block it and bring it to a rupture.

When the talks were entering the finishing stage in the summer, the puppets spread a fiction of "the North's possession of five nuclear bombs" in an attempt to channel world public opinion against the North and bring the talks to a breakdown.

When the talks made further progress, despite their obstructions, the Kim Yong-sam group put up the "principle" of "special inspection first and provision of light water reactors next" and worked hard to carry it into effect. They called "meetings" and "consultations" and clamoured for "sanctions," "strong countermeasure" and "resumption of the Team Spirit joint military exercises."

It was because of their treacherous nature that they went off into an epileptic fit in an effort to drive the DPRK-USA talks to a collapse.

The nature of the heinous traitors to the nation who remain indifferent to national harmony and unity and peaceful reunification of the country and dream of "unification by prevailing over communism" through war can never change before they are buried underground.

Kim Yong-sam Criticized for Defending Dictators

*SK1011052394 Pyongyang KCNA in English 0416
GMT 10 Nov 94*

["Criminal Act Patronizing Fascist Murderers"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The traitor Kim Yong-sam on November 8 summoned the "group of the party's assemblymen" to "Chongwadae" and cried that it "should squarely counter" the opposition camp which is strongly demanding prosecution against those involved in the "December 12 incident", according to a radio report from Seoul.

This is a downright challenge to the South Korean people who want to see Chon Tu-hwan and No Tae-u, the masterminds of the "December 12 army purge coup" and rare murderers, brought to justice sternly.

The Chon Tu-hwan-No Tae-u group is human rubbish that should have been punished, subjected to a stern judgement by the people as truculent fascist murderers who bloodily put down the Kwangju popular uprising.

Not much penetration is needed to see why the Kim Yong-sam group is defending so zealously the military dictators of the "Fifth and Sixth Republics".

The traitor Kim Yong-sam is trying to keep the crimes of the preceding dictators in the dark and openly defending

them, fearing that he would meet the same doom as them, in case he were ousted from the post of "civilian president" which would not last long, if Chon Tu-hwan and No Tae-u, the murderers, were punished in public.

Criticized for Cooperation Proposal

*SK1011103794 Pyongyang KCNA in English 1025
GMT 10 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The traitor Kim Yong-sam, in addressing "a dinner given by businessmen" on November 7, brought forward what he called "proposal for South- North economic cooperation," according to a radio report from Seoul.

The "proposal" of the traitor was an offspring of his artifice to get rid of international isolation and crisis and a camouflage for concealing the dark designs of the puppets for national division and total confrontation.

An agreed framework was published by the Democratic People's Republic of Korea and the United States and a switchover is inevitable in the hostile policy of their master toward the DPRK. Under this condition, the downright anti-North policy pursued by the puppets so far can no more work on anybody. It is quite plain that this made the traitor Kim Yong-sam kicked up a shine about "economic cooperation."

This means the debacle of the criminal confrontational policy against the North consistently pursued by the South Korean rulers in their hectic campaign to isolate and stifle the North with the help of outside forces. [sentence as received]

If they want dialogue and cooperation, they must throw away the dagger hidden under their cloak.

Were the Kim Yong-sam group really willing to improve the North- South relations, they must, first of all, apologise in explicit terms for their criminal acts in freezing the North-South relations over the North's "nuclear issue" since they seized power. And they must scrap the notorious "National Security Law," a stumbling block in the way of the improvement of the North-South relations and the reunification of the country.

Repatriation of Long-Term Prisoners Urged

*SK0911235394 Pyongyang KCNA in English 2206
GMT 9 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 9 (KCNA)—The committee for measures to rescue unconverted long-term prisoners in South Korea on November 9 published an information denouncing the inhumane and anti-national act of the South Korean authorities in persistently barring the return of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners and POWs, to the North, defying the worldwide movement for their repatriation.

The information says:

These old men born in the northern half of the country are prisoners of war arrested during the fatherland liberation war. So they should have been sent back to the North at a time when POWs were exchanged right after the ceasefire. But they were forced to prison life for more than 30 years by the South Korean authorities on false charges and are spending the remaining days of their life in South Korea, subjected to inhumane seclusion even after their release.

Kim In-so, 68, was released in October 1989 after being kept in prison for 33 years and 7 months. He is now barely eking out a living in Kwangju, still bound in chain under the "law on supervision for public peace".

Ham Se-hwan, 63, after a prison life for 34 years is maintaining the barest existence in Taejon on toilsome labour.

Kim Yong-tae, 64, after a prison life of 35 years is living in misery on odd jobs in Kwangju, not knowing where the next meal was coming.

The three old men said that their lifelong wish is to return to their hometowns at an early date and meet their dear families and relatives and visit the graves of their parents while they were alive. They earnestly appealed to dissident organisations of South Korea and human right organisations of different countries to cooperate in their repatriation and their families are making all efforts to have their repatriation realized.

All the human right organisations of the North and the South have joined in the movement for the repatriation of the unconverted long-term prisoners in South Korea and the international community and progressive political parties and organisations of various countries are conducting various forms of repatriation campaigns.

Committees for the repatriation of unconverted long-term prisoners in South Korea to the North have been formed to launch into brisk activities in India, Pakistan, Guyana, Zimbabwe, Russia and other countries, and prominent figures and leading newspapers of Peru, Guinea, Portugal, Mongolia, Nepal and other countries issued protests and statements denouncing the inhumane acts of the South Korean authorities in blocking their repatriation and urging measures for their early repatriation to the North.

This notwithstanding, the South Korean authorities continue to refuse their repatriation to the North under unreasonable pretexts. Such behavior is the worst inhumane and anti-national act.

The South Korean rulers can never stifle the voice of world conscience demanding the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners and POWs, and their unshakable will to come back to their hometowns in a short time.

'Demand of International Law'

SK0811062694 Pyongyang KCNA in English 0459
GMT 8 Nov 94

["Unconverted Long-Term Prisoners Must Be Repatriated Immediately"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 8 (KCNA)—The South Korean Red Cross has not taken any step for the repatriation of old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners detained in South Korea, though ten day have passed since the acting chairman of the Central Committee of the Red Cross Society of the Democratic People's Republic of Korea sent a letter to the president of the South Korean Red Cross urging their repatriation.

Branding this as a malicious challenge to international law and humanitarianism, a MINJU CHOSON analyst today says:

It is a demand of international law and humanitarianism to send back POWs to their native towns as they demand. The South Korean authorities and Red Cross are under obligation to repatriate old Kim In-so, Ham Se-hwan and Kim Yong-tae to the North either in view of the demand of the Korean armistice agreement and International Law or in view of humanitarianism.

The South Korean rulers and Red Cross must take immediate steps to repatriate these unhappy old men to the North unconditionally.

South Korean Comments on Public Officials

SK0811053794 Pyongyang KCNA in English 0446
GMT 8 Nov 94

["Deceptive 'Reform' of South Korean Authorities Condemned"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 8 (KCNA)—So Sang-tae in Kwanak district, Seoul, accused the South Korean puppet clique for its deceptive "reform", according to a South Korean newspaper.

Referring to the continued scandals of "public officials" including the tax embezzlement case of the North district office in Incheon, he said these prove that the reform on the lips of the authorities is a gimcrack slogan.

He demanded that corrupt "public officials" and privileged circles be removed and impartiality of judicial system be ensured in order to prevent the prevalent scandals and carry on a genuine reform.

'Deplorable' Situation of Farmers in ROK Viewed

SK1011100894 Pyongyang KCNA in English 1002
GMT 10 Nov 94

["Measure To Wring Farmers' Necks"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The Kim Yong-sam puppet administration of South Korea recently decided to freeze the autumn grain purchase prices this year at the level of last year, set the amount of purchase below last year's and seek the endorsement of this measure by the "National Assembly".

NODONG SINMUN today brands this as a measure of wringing the necks of the farmers, considering that the purchase prices of grain were originally low and the commodity prices have jumped sharply in South Korea.

The news analyst says:

The South Korean farmers are living from hand to mouth under the anti-popular agricultural policy of the Kim Yong-sam group.

The farmers were forced by the authorities to switch over to the production of vegetables, seasonings and industrial crops, giving up rice farming. But, they were hit hard by foreign agricultural products which flooded the market, elbowing their products out of it. They lost the cradle of their life and the countryside is on the verge of devastation due to the treacherous rice market opening of Kim Yong-sam.

As of the end of last year, the debt per farm household averaged 6.83 million won. This alone shows how deplorable the South Korean farmers' life is. It is self-evident that if the purchase prices are frozen this year under this situation, the farmers, far from paying back the existing debts, will be saddled with a heavier debt, failing to refund the cost of this year's farming.

South Koreans Protest Agriculture Market Opening

SK0811103094 *Pyongyang KCNA in English 1024*
GMT 8 Nov 94

[FBIS Transcribed Text] Pyongyang, November 8 (KCNA)—Members of the South Korean Council of Democratic Youth Organisations held a youth rally urging renegotiation on the Uruguay Round accord in Seoul on November 6 and urged the authorities to put off the "parliamentary ratification" of the bill on agricultural market opening and have renegotiation, according to a radio report from Seoul.

The council also pointed out that the puppet prosecution's suspension of indictment against Chun Tu-hwan, No Tae-u and other principal culprits of the "December 12 incident" is a plainly unjust act and demanded an immediate arrest of the prime movers and the resignation en bloc of the "cabinet".

Vice President Kim Meets With Yugoslav Envoy

SK1011102994 *Pyongyang KCNA in English 1020*
GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Vice-president Kim Pyong-sik today met and

had a talk with Yugoslav Ambassador to Korea Ljubomir Ojukic who paid a courtesy call on him at the Mansudae Assembly Hall.

Papers Mark Cambodian Independence Anniversary

SK0911233694 *Pyongyang KCNA in English 2137*
GMT 9 Nov 94

["Cambodian Independence Day Observed"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, November 9 (KCNA)—Papers here today congratulate the Cambodian people on the 41st anniversary of the independence.

The independence of the country opened the way for Cambodian people to realize their desire to lead a free and happy life without domination and subordination, a signed article of NODONG SINMUN says.

The Cambodian people have made a great progress in recent years in the struggle to build a new Cambodia, free and prosperous, under the correct leadership of His Majesty King Norodom Sihanouk, the article says, and continues:

The friendly and cooperative relations between the Korean people and the Cambodian people are developing on a solid foundation as they are based on the intimacy between the great leader Comrade Kim Il-song and His Majesty King Norodom Sihanouk.

Our people actively support the struggle of the Cambodian people for building a new Cambodia, free and prosperous, and wish them greater success in this struggle.

A signed article of MINJU CHOSON says the Korean people believe that the friendly and cooperative relations between the two countries world further expand and strengthen.

Film Showing Marks Poland's Independence

SK1011052294 *Pyongyang KCNA in English 0409*
GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Charge d'Affaires Ad Interim of the Polish Embassy to Korea Herbert Kusnierz hosted a film show and a cocktail party at his embassy Wednesday on the occasion of the 76th anniversary of the independence of Poland. Officials concerned were present on invitation.

The participants saw a Polish film before the cocktail party.

Korean People's 'Cause' Supported Overseas

SK1011101894 *Pyongyang KCNA in English 1011*
GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Mexican President Carlos Salinas de Gortari,

when he met the Korean ambassador on November 3, hoped that the policy of the DPRK government for peace and security in the Korean peninsula and for the prosperity of the country and the happiness of the people would continue to be materialized successfully.

Burundian Prime Minister Anatole Kanyenkiko said when he met the Korean ambassador on October 31:

"The Burundian Government wishes the Korean people greater success in their socialist construction under the wise guidance of his excellency the dear leader Kim Chong-il and sincerely hopes that the reunification of Korea will be achieved on the three principles of national reunification."

Warmly hailing the adoption of the DPRK-USA agreed framework, he said it is a victory of Korea which has made sincere efforts to resolve the nuclear issue of the Korean peninsula through dialogue and negotiation.

General Secretary of the Central Committee of the Nepal Communist Party (United Marxism-Leninism) Madhav Kumar Nepal [spelling of name as received], when he met the Korean ambassador on November 2, said the dear leader Comrade Kim Chong-il has correct grasps on the cause and intention of the great leader Comrade Kim Il-song in his lifetime and solves complicated and difficult problems with his tested leadership.

Saying the adoption of the DPRK-USA agreed framework is a great victory of socialism worldwide, he extended heartfelt congratulations to the dear leader Comrade Kim Chong-il upon the brilliant victory.

Signature Campaign for Korean Unity Held Abroad

SK0911234094 Pyongyang KCNA in English 2144 GMT 9 Nov 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 9 (KCNA)—The signature campaign for supporting the "10-point programme of the great unity of the whole nation for the reunification of the country" put forward by the great leader President Kim Il-song was conducted in different countries.

General Secretary of the Cameroon Socialist Union Alexandr Nemes Ehongo signed the signature paper on behalf of more than 10,000 union members, and said:

The 10-point programme of the great unity of the whole nation put forward by his excellency the great leader President Kim Il-song is the most reasonable and fair patriotic one for the reunification of the country and the great unity of the nation.

"We warmly support the 10-point programme on reunifying the country by means of founding the Democratic Confederal Republic of Koryo through the unity of the whole nation."

General Secretary of the Algerian National Liberation Front Ael Hamid Mehri signed the signature paper on October 29 and president of the Algerian Islamic Social Movement Sheik Ahmud Nahnah on October 25 on behalf of their parties.

The signature paper was signed by Secretary of Foreign Relations of the Central Committee of the Workers' Party of the Congo Andre Obami Itou on behalf of the 300,000 party members on October 25 and by Vice-chairman of the National Student Union of Syria Hussein Mahmoud on behalf of the entire union members on October 23.

In Bulgaria the signature paper was signed by mayors of [word indistinct] and other cities, chairman of the Kazanlak city Committee of the Socialist Party and other political and public figures on behalf of 14,200 people in October.

Bangladesh Scholar Praises North's Education

SK1011102294 Pyongyang KCNA in English 1017 GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Jasim Uddin Ahmed [spelling of name as received], chairman of the Bangladesh Self-Reliance Research Academy, published an article praising the development of education in the Democratic People's Republic of Korea.

Noting that the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il have always attached importance to the development of education, he said:

"The dear leader Comrade Kim Chong-il comprehensively indicated the orientation and ways of developing education to a higher stage in conformity with the requirements of the developing reality in which the modelling of the whole society after the *chuche* idea was being powerfully promoted.

"He clearly defined the duty of *chuche*-orientated education on the philosophical principle of *chuche* and gave unique answers to the theoretical and practical questions arising in developing education, thus bringing an epochal turn in the educational development of the country.

"With the successful realization of the idea of placing education before all other work and implementation of the *chuche*-orientated policy of education put forward by the great leader, a large contingent of technicians and experts have been brought up in Korea.

"The Workers' Party of Korea put forward the policy of enforcing an 11-year universal compulsory education in compliance with the demand of the developing revolution and wisely organized and led the work for its fulfillment so that all the children could study to their hearts' content till the working age at the state expense and grow up to be competent socialist builders.

"The policy of the great leader and the dear leader on developing education constitutes a guideline for all the developing countries.

"If the developing countries follow the example of the DPRK and give education to the popular masses and bring up able scientific and technical workers, the people will properly play the role of independent and creative beings."

WPK Receives Messages From Scandinavia

SK1011045694 *Pyongyang KCNA in English 0402*
GMT 10 Nov 94

[All names as received]

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] received messages of greetings on the occasion of its 49th foundation anniversary from Chairman Betty Frydensbjerg Carlsson and international secretary Lisbet Rahbak of the Communist Party of Denmark, chairman of the Central Committee of the Communist Party of Finland (Unity) Yrjo Hakanen, deputy secretary general of the Arab Socialist Baath Party Abdulla Al Ahmed, international secretary of the Norwegian Communist Party and chairman of the Oestfold provincial committee of the party Dag Norum and chairman of the Foreign Relations Committee of the Central Committee of the Workers Communist Party of Norway Arnlot Ask.

The messages note that the Workers' Party of Korea has made great achievements in its noble efforts for the prosperity and development of the country and the happiness of the people under the wise guidance of the respected leader President Kim Il-song and the dear leader Comrade Kim Chong-il in the past 49 years.

They say only victory and glory are always in store for the Workers' Party of Korea as it is led by dear Comrade Kim Chong-il, a great thinker, theoretician and statesman and ever-victorious military strategist.

They express the belief that the Workers' Party of Korea will surely accomplish the revolutionary cause of the respected leader President Kim Il-song under the guidance of the dear leader Comrade Kim Chong-il.

Congolese Group Urges Dissemination of Chuche

SK0911233894 *Pyongyang KCNA in English 2140*
GMT 9 Nov 94

[FBIS Transcribed Text] Pyongyang, November 9 (KCNA)—The group for the study of the chuche idea of the Congolese Socialist Party published an appeal in response to the recent appeal of the Asian regional institute of the chuche idea to the world's followers of the chuche idea.

Saying that President Kim Il-song, the founder of the great chuche idea, is immortal, the group in the appeal

vowed to remain faithful to the dear leader Comrade Kim Chong-il who is resolutely defending the chuche idea and carrying it forward.

Warmly supporting the call for setting February 16, the birthday of Comrade Kim Chong-il, as day of chuche, the group said seminars on the chuche idea should be held on various scale on the day every year.

"Let us uphold Comrade Kim Chong-il, actively support the struggle of the Korean people for the victory of Korean-style socialism and widely disseminate and propagandize the chuche idea," urged the group in its appeal.

Bangladesh Ambassador Visits Kim Il-song Statue

SK1011051394 *Pyongyang KCNA in English 0412*
GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Mustafizur Rahman, newly-appointed Bangladeshi Ambassador E.P. [extraordinary and plenipotentiary] to Korea, and his embassy officials laid bouquets of flowers before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and observed a moment's silence on November 9.

The statue was visited by a delegation of the Foreign Ministry of Romania headed by Gheorghe Rosu, director of the Asia and Far East department of the Foreign Ministry, on a visit to Korea on Tuesday and by Cambodian Ambassador to Korea Oum Mannorine and his embassy officials and Cambodian guests on Wednesday on the occasion of the 41st anniversary of the independence of the Kingdom of Cambodia with bouquets and wreaths.

The Cambodian guests called at the revolutionary martyrs cemetery on Mt. Taesong in Pyongyang and laid a wreath before the statue of Comrade Kim Chong-suk, heroine of the anti-Japanese struggle and an indomitable communist revolutionary fighter, and expressed boundless reverence for her on November 9.

Koreans in Japan Send Letters to Kim Chong-il

SK1011050494 *Pyongyang KCNA in English 0408*
GMT 10 Nov 94

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Letters of pledge to the great leader of our people Marshal Kim Chong-il were adopted at the meetings to harden the determination of loyalty in response to his message of thanks to the entire people, which were held by officials of the standing council of the Federation of Korean Traders and Industrialists in Japan, the Central Standing Committee of the League of Korean Youth in Japan, the Central Standing Committee of the Democratic Union of Korean Women in Japan, the Central Standing Committee of the Union of Korean Teachers in Japan and other organisations, local headquarters of the General Association of Korean Residents in Japan (Chongnyon), the central school of Chongnyon and Korean University.

The letters of pledge say that the respected general sent a message of thanks to the entire people while overcoming the sorrow at the loss of the fatherly leader, saying that our people are a great and good people, indeed, and we are blessed with a wonderful people. Such a great and tender-hearted leader cannot be found in the history of any country of the world, the letters note, and go on:

It is because the respected general, the same with the fatherly leader in ideology, leadership and personality, is standing at the head of the homeland and the nation that Chongnyon officials and compatriots could vigorously rise, changing the pains of the irretrievable greatest loss, the first of its kind in 5,000-year history of our nation, into fresh strength and courage.

The letters express the firm determination to devote everything to national reunification in the 90s and the fulfilment of the patriotic tasks of Chongnyon under the wise guidance of the dear leader general Kim Chong-il, bearing deep in mind the conviction of certain victory that we are sure to win, led by him.

The letters sincerely wish him a long life in good health.

Soldiers Extol Kim's Bridge, Tunnel Order

SK1011064994 Pyongyang Korean Central Broadcasting Network in Korean 1122 GMT 9 Nov 94

[FBIS Translated Text] The officers and men of the People's Army—who received with great deep emotion and gratitude the order of the Korean People's Army [KPA] Supreme Commander Comrade Kim Chong-il which is overflowing with his noble will to brilliantly implement the great leader's grand capital city construction plan and his great love for the people—are filled with burning resolve to repay with loyalty the supreme commander's high confidence and expectations by excellently building the second stage of Chongnyu Bridge and Kumnung Tunnel No. 2.

General-grade officer Comrade Mun Hak-kwon and officer Comrade Kim Ki-song of Comrade Kim Ki-son's KPA unit say: [begin recording]

[Mun Hak-kwon] I have received with great deep emotion and gratitude the respected and beloved Supreme Commander Comrade Kim Chong-il's order on building the second stage of Chongnyu Bridge and Kumnung Tunnel No. 2. Receiving the respected and beloved comrade supreme commander's order, I am invigorated with a new strength. The comrade supreme commander's order is an encouraging banner of turning the sorrow of losing the fatherly leader into a hundred- and thousand-fold strength and courage and arousing our people and Army into great miracles and enthusiasm.

The respected and beloved comrade supreme commander's order contains the dear comrade leader's warm love for the people to provide our people with more affluent and civilized life by further raising aloft the chuche red banner which the great leader had raised and

carrying on the leader's idea of believing in the people as in heaven. One remembers throughout the past history, numerous military commanders who issued orders related to the strengthening of the country's defense capability and the victory of war, but does not know of any leader like our supreme commander Gen. Kim Chong-il who issued such a great order overflowing with warm love for the people to realize the leader's capital city construction plan and provide the people with a better living environment.

This is the order which can only be issued by the great leader of our party and people, KPA Supreme Commander Gen. Kim Chong-il who is loyal and dutiful to the leader at the highest level and brilliantly inherits and completes the leader's cause.

Even when the country's situation was very tense, the respected and beloved Supreme Commander Comrade Kim Chong-il called the numerous soldiers of our People's Army to the peaceful socialist construction so that they could magnificently build the great monumental creations.

[Kim Ki-song] The respected and beloved comrade supreme commander, who put forth the issue of inheriting the leader's revolutionary cause as his lifetime task, exercised his leadership so that our people and Army may better uphold the fatherly leader and be faithful to the leader's teaching in his lifetime. Today, upholding the leader's will in his lifetime, he entrusted our soldiers with the honorable task of building the second stage of Chongnyu Bridge and Kumnung Tunnel No. 2 according to the supreme commander's order.

Truly, the respected and beloved Supreme Commander Comrade Kim Chong-il is the great leader of our party, state, and Army who not only is an outstanding ideologist, theoretician, and strategist with an extraordinary wisdom of a far-seeing penetrating eye and tested leadership, but has the loyalty to the leader at the highest and noblest level and inherits and completes the leader's cause.

The respected and beloved Supreme Commander Comrade Kim Chong-il's order No. 0051 contains his great love for and confidence in our People's Army as well as his noble will and expectation regarding our People's Army which he actively recommends as the true people's Army and which he is strengthening and developing.

To implement the respected and beloved comrade supreme commander's order exactly and unconditionally is the proper duty of the soldiers of our People's Army. With a firm faith "What the party decides, we will do," the soldiers of our People's Army will thoroughly display the one-a-match-for-a hundred spirit of a soldier and complete the second stage of Chongnyu Bridge and Kumnung Tunnel No. 2 in Pyongyang by 10 October 1995, the 50th anniversary of the party's founding, thus fulfilling the respected and beloved comrade supreme commander's order without fail. [end recording]

Kim Chong-il Thanks KPA Soldiers, Families

*SK1011052794 Pyongyang KCNA in English 0433
GMT 10 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—Comrade Kim Chong-il, the great leader of our party and people and supreme commander of the Korean People's Army [KPA], sent thanks to the soldiers of the Kim Chang-yol unit of the KPA and their families, the soldiers of the Kim Il-nam subunit and General An Song-ok for their active help to socialist construction and to 58 soldiers of the Chong Sang-u unit and officer Kim Yong-nan and nine woman soldiers of the Chae Chong-pok unit for their volunteering for the socialist countryside.

The soldiers of the Kim Chang-yol unit and their families actively assisted the workers in the wholesale repair of a blast furnace at the Kim Chaek iron and steel complex, saying that President Kim Il-sung put his heart and soul into the development of the metal industry till his last days. The soldiers of the Kim Il-nam subunit and General An Song-ok actively helped the working people in socialist construction, giving full play to the tradition of army-people unity.

Fifty-eight soldiers of the Chong Sang-u unit and officer Kim Yong-nan and nine woman soldiers of the Chae Chong-pok unit volunteered to settle en masse in cooperative farms in South Pyongan and North Hwanghae Provinces.

Those who spoke at the meetings held on the spots to convey the thanks stressed the need to firmly defend Korean-style socialism centred on the masses and, at the same time, actively help the working people with their efforts to carry out the revolutionary economic strategy of our party and devote youthful strength and energy to socialist rural construction.

Comrade Kim Chong-il also sent thanks to the officials, workers, technicians and office employees of various units in South Pyongan Province including the Songchon and Unsan County party committees and the Pyongsong City food administration office for their contribution to the construction of the Taebong revolutionary site, the Suwon mine in Unsan and the industrialisation project of riced corn flour production, the production of rice-transplanting machines and the construction of dwelling houses of various units.

Academy of Light Industry Marks 40 Years

*SK1011053594 Pyongyang KCNA in English 0439
GMT 10 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The Academy of the Light Industry marked its 40th birthday.

The Central Committee of the Workers' Party of Korea [WPK] in a congratulatory message to the scientists, technicians, workers and office employees of the

academy on its 40th anniversary highly estimated them for developing science and technology of the light industry under the leadership of the party and thus actively contributing to implementing the party's line of making a revolution in the light industry.

The message said:

The great leader President Kim Il-sung founded the academy in July 1954, the arduous period when everything was destroyed owing to the war, and indicated the road to be followed by the academy in each stage of the developing revolution.

The scientists and technicians of the academy studied and developed the technology of plasticization and dyeing of vinalon fibre, fur thread of vinalon and highly efficient spinning machines and thus contributed to chuche-orientation of the textile industry and solution of the problem for clothing of the people.

In recent years it built the ready-cooked rice factories, founded the sugar and seasoning powder industries of our style and researched into and completed the method of denaturing and processing maize. And it resolved by its own efforts various difficult scientific and technological problems for industrializing the production of kimchi and producing edible protein and thus making great achievements in processing high nutritious staple and non-staple foods.

A meeting marking the 40th anniversary of the foundation of the academy was held in Pyongyang on November 9.

Present there were Yi Chong-ok, member of the Political Bureau of the WPK Central Committee and vice-president, Choe Tae-pok, alternate member of the Political Bureau and secretary of the WPK Central Committee, Kim Pok-sin, vice-premier of the administration council, and others.

A letter of pledge to Comrade Kim Chong-il, the great leader of our party and our people, was adopted at the meeting.

Increase in Chemical Fertilizer Production Noted

*SK1011102794 Pyongyang KCNA in English 1019
GMT 10 Nov 94*

[FBIS Transcribed Text] Pyongyang, November 10 (KCNA)—The fertilizer producers under the Ministry of the Chemical Industry of Korea are sharply increasing the production of fertilizers.

The Hungnam Fertilizer Complex, a leading chemical fertilizer producer, has lifted the daily output 20 percent entering this month from the same period of last month by keeping the equipment in full-capacity operation.

The Namhung Youth Chemical Complex produced 2,000 more tons of fertilizer in recent one week above the corresponding period of last month by introducing

new technical innovation proposals into production and widely tapping inner reserves.

The workers of the Suncheon Nitro-Lime Fertilizer Factory and the Chongsu Chemical Plant are topping the daily quotas by far these days through a vigorous increased production drive.

South Korea

'No Final Decision' Made Yet on Reactor Type

SK1011060494 Seoul CHOSON ILBO in Korean
10 Nov 94 p 2

[FBIS Translated Text] The government originally said: "A separate classified document attached to the U.S.-North Korea agreed framework includes an item that specifies ROK-type light-water reactors will be accepted by North Korea." A high-ranking government official, however, stated on 9 November: "The classified document simply stipulates that two 1,000-megawatt reactors will be provided."

This official continued: "The government is saying that the term '1,000-megawatt' indicates Ulchin reactor Nos. 3 and 4. The ROK, however, is not the only country that produces 1,000-megawatt reactors." He then added: "It is difficult to expect North Korea will unreluctantly accept ROK-type reactors."

Taking a serious view of this situation—in which no final decision has yet been made on the adoption of ROK-type light-water reactors even after the conclusion of U.S.-North Korea negotiations—the government will bid to make the adoption of ROK-type reactors be specified clearly in the contract of the Korea Energy Development Organization [KEDO], an international consortium, as well as ask the United States and Japan to entrust the designing of light-water reactors to the ROK.

At the same time, the government views that, in case the KEDO becomes an independent organization with the right to decide on the proceedings, North Korea's persistent rejection would make the adoption of ROK-type reactors difficult. From this viewpoint, the government will oppose calling for open bids on building light-water reactors and will convey our side's strong intent to provide light-water reactors in kind, rather than hard currency.

The government official also expressed concerns about the possibility that "even if the ROK and the United States agreed to adopt ROK-type reactors, the reactors to be built in North Korea would be virtual U.S.-type reactors under the nominal title of ROK-type if the United States comes to be in charge of the design."

Accordingly, our government will actively seek a way for the ROK's exclusive light-water reactor design. The United States, however, is reportedly considering a joint

design by the ROK and U.S. companies, such as Combustion Engineering Co. Thus, a conflict between the two sides is expected.

This official particularly pointed out: "If the KEDO makes an open bid for building light-water reactors, it is less probable that the project is given to the ROK. The government is now asking the United States to clearly specify the adoption of ROK-type reactors in the provision of the KEDO."

It is learned that the government has conveyed this intent to visiting U.S. Secretary of State Christopher and U.S. Nuclear Ambassador [title as published] Gallucci. The government will put forward a formal proposal to realize its intent in the ROK-U.S.-Japan high-level working-level talks slated for late November.

Articles Analyze Results of U.S. Elections

SK1011145594

[FBIS Translated Editorial Report] The following is a compilation of articles and editorials carried in the 10 November ROK vernacular daily newspapers which deal with the results of the by-elections conducted in the United States.

The conservative CHOSON ILBO carries on page 2 a 900-word article written by Washington-based correspondent Chong Hae-yong that analyzes the policy toward the Korean peninsula the United States will undertake in the future in light of the circumstances in which the ruling Democratic Party has a smaller voice than the opposition Republican Party. The article quotes experts as predicting that since the issues discussed during the election focused mainly on U.S. domestic affairs, there will no major change in U.S. foreign policy; it added that because the U.S. administration's foreign policy cannot help but be influenced by the Senate, the voice of Republican Congressmen will be louder. The article reviews the expected tough-line attitude of Republican Party leaders toward the U.S. administration as regards the North Korean nuclear issue, predicting that since the agreed framework between the United States and North Korea has already taken effect and the schedules for expert talks have already been worked out, Republican Congressmen will call upon the U.S. administration to resolutely cope with the threat of North Korea's conventional military capabilities. The article concludes by saying that as the Republican's victory will allow conservatives and rightists to have a voice in Congress, the Clinton administration's policy toward the Korean peninsula will be influenced by this.

The moderate HANGUK ILBO carries on page 3 a 900-word editorial which deals with "Clinton's defeat in his 'mid-term' evaluation." Citing suspicions about President Clinton's alleged involvement in a sexual harassment case, irregularities concerning political funds, and his flops in foreign policy regarding Somalia, the PRC, and Cuba, the editorial says the disappointment of U.S.

citizens over such suspicions and flops resulted in the latest by-elections. The editorial adds that the latest by-elections were a mid-term evaluation of Clinton himself. It has resulted in the prospect that a recalcitrant U.S. Congress that will find fault with the President's every remark and activity might parallel a similar situation in the ROK during next year's elections to elect the chiefs of local autonomous administrations.

The editorial states: "While sanctions against North Korea, which the U.S. hawks consider as one policy alternative, are a dangerous adventure that might leave the ravages of war on South Korea, the question of North Korea's past nuclear activities, which the U.S. doves are trying to cover up, is the one issue upon which the survival of the ROK, which militarily confronts North Korea, depends."

The editorial concludes by saying the ROK now stands at a point where it should take a flexible and active attitude of walking the middle line.

The moderate TONG-A ILBO carries on page 2 a 1,200-word article written by correspondent Kim Chae-hong which deals with ROK-U.S. relations following the by-elections. Noting the elections, the article says the ROK Government is analyzing in what way this will affect U.S. policy toward the Korean peninsula. The article states: "Because we have so far conducted our foreign policy with the United States with only the Democratic administration of Clinton in mind, some government officials worry whether we might undergo hardships under a Republican Party-dominated U.S. Congress."

In connection with the by-elections, the article quotes U.S. Secretary of State Christopher, who is visiting the ROK, as saying on his 9 November talks with Foreign Minister Han Sung-chu: "Regardless of the results of the domestic elections, supra-partisan support and consistency concerning North Korea's nuclear issue, as well as the security commitment to the Korean peninsula, will be maintained." Expecting changes in the conduct of U.S. foreign policy, the article cites the following pending issues between the ROK and the United States as ones to be rescheduled: First, the implementation of the North Korea-U.S. agreement on the nuclear issue; second, the question of expanding ROK imports of U.S.-made automobiles and security-related goods such as ultramodern weapons. In this regard, the article predicts that the Republican Party-dominated Congress will not deter the U.S. administration from implementing the agreement reached between the United States and North Korea, while adding that the ROK will be asked to equip the ROK Army with Patriot Missiles in order to cope with North Korea's Nodong 1 missile as well as with an early warning system.

The moderate TONG-A ILBO also carries on page 3 a 1,300-word article written by Washington-based correspondent Nam Chan-sun which reviews the results of the U.S. by-elections, predicting no major change in U.S.

foreign policy following the landslide victory of the Republican Party, but adding that tough-liners will be encouraged to have a somewhat louder voice. The article analyzes that the defeat of the Democratic Party resulted from U.S. dissatisfaction with the Clinton administration, or more precisely, their distrust of President Clinton himself. Although President Clinton will face a difficult situation, there will be no noticeable change in the basic U.S. foreign or trade policy because it will be almost impossible for the United States to break away from any agreements it has already reached in bilateral or multilateral relationships, adding that in this regard, the U.S. agreement with North Korea regarding the nuclear issue or the U.S. policy toward Haiti will be maintained as before. This notwithstanding, the article predicts U.S. hawks in the Republican Party will have a louder voice regarding the North Korean nuclear issue, and will have more influence in working out follow-up measures of the U.S. agreement. The article further states that the United States will lend tangible support to the security of the ROK in such a way as to lend more support to the presence of U.S. forces in the South.

The moderate TONG-A ILBO also carries on page 3 an 800-word editorial which says U.S. politics will lean toward conservatism, and as a result, conflict is expected to arise between the White House and Congress. The editorial states: "The Republican Party's perception of North Korea is basically different from that of the Democratic Party. The party's distrust of North Korea is strong." Therefore, the editorial predicts, the Republican Party will demand a more thorough and meticulous scrutiny of the implementation of the North Korea-U.S. agreement.

In conclusion, the editorial says: "We cannot deny that the ROK's foreign policy is linked with what progressive figures say and do in the Clinton administration. In this respect, when the Clinton administration's foreign policy becomes a target for criticism, many points will have to be reexamined in the ROK's foreign policy."

The moderate KYONGHYANG SINMUN carries on page 5 a 1,200-word article written by reporter Kang Song-po which reviews the effects the U.S. by-elections will have on the Korean peninsula. As for U.S. Congressional hearings on the North Korea-U.S. agreement, the article says there is a possibility the Republican Party, which has gained confidence in restoring full political power in two years because of the results of the latest elections, will launch an offensive against the Clinton administration, thereby delaying the implementation of the agreement. The article goes on to say: "In particular, within the Republican Party there is a Congressman who, when North Korea's nuclear issue presented a crisis, proposed an extremely tough-line theory stressing the need to bomb the atomic reactor at Yongbyon. In the process of public hearings, if some Congressmen attract attention by raising questions as to whether the United States has made too many concessions in aiding the North's construction of light-water reactors without

completely securing the transparency of the North's nuclear activities, there is the possibility U.S. policy toward the North will take a large turn."

The article adds: If North Korea does not show sincerity toward disposing of the spent fuel rods, this will become a good target for review and criticism by the U.S. Congress during public hearings. In two to three months, the United States will have to begin spending \$5 million to supply North Korea with alternative energy sources; this money can be spent without Congressional approval. However, the question of aiding in the construction of light-water reactors is different; this cannot be realized because it requires an amendment of relevant laws and regulations concerning the transfer of ultra-modern technology to a hostile country. Therefore, some predict the United States will negotiate with the North in such a way as to demand Pyongyang's sincerity by presenting a bargaining chip for the U.S. domestic situation which will develop because of the atmosphere in Congress.

The article predicts that apart from the North Korea-U.S. negotiations, there will be no remarkable change in the U.S. policy toward the Korean peninsula, adding that at the APEC [Asia-Pacific Economic Cooperation] forum to be held in Indonesia, President Clinton will meet President Kim Yong-sam, where the former will reaffirm the U.S. policy toward the ROK. The article concludes: "Because President Clinton has seen his initiative in Congress snatched by the Republican Party, when President Kim meets with President Clinton he might feel that Clinton's voice has been weakened a little as compared with that which President Kim heard in Seattle the last time."

U.S. Plans To Send Investigation Team to North

SK0511124994 Seoul SEOUL SINMUN in Korean
5 Nov 94 p 2

[Report by O Il-man]

[FBIS Translated Text] As the lifting of restrictions on the financial sector of North Korea is relatively easy, the United States has decided to dispatch an investigation team to North Korea by the end of this year with a view to advancing to its financial field.

On 4 November, according to the American Chamber of Commerce [Amcham] in the ROK and domestic business circles, since considerable time is required for lifting economic restrictions against North Korea involving "the law on trade with hostile nations" of its home country, the Amcham decided to send an investigation team to North Korea as soon as the restrictions stipulated in the foreign assistance law and regulation for control of foreign properties are lifted.

A relevant Amcham official stated that "With the U.S. Government's announcement of its lifting of restrictions, study on advancing toward North Korean markets is underway in many ways. By focusing efforts on

financial markets, whose restriction lifting procedure is easy, the Amcham plans to dispatch an investigation team to North Korea as soon as the restrictions prescribed in the foreign assistance law and regulation for control of foreign properties are lifted."

The team is expected to be dispatched by the end of the year or early next year, and it will consist of representatives of business firms from the Amcham Investment Committee.

Meanwhile, the U.S. Assistant Secretary of State Robert Gallucci revealed during a recent news conference that the United States and North Korea agreed to relax barriers in trade and investment, including financial transactions and the field of communications, within three months after conclusion of the DPRK-U.S. nuclear agreement.

A relevant official in business circles said that "What North Korea wants most urgently for the development of Najin-Sonbong district is funds. Therefore, the investigation team, when dispatched, will discuss various issues, including the issue of creating an international consortium to invest in North Korea."

Two DPRK Doctors Receive French Travel Visas

SK1011003994 Seoul TONG-A ILBO in Korean
10 Nov 94 p 2

[FBIS Translated Text] It was learned on 9 November that two North Korean doctors will soon visit Paris. An official of the National Unification Board confirmed that they have received visas from the French Government.

The exact purpose of these North Korean doctors' visit to France has yet to be confirmed. The official stated, however, it is thought that they will carry the medical files of Kim Chong-il, who has health problems.

DPRK Envoy on Improving Southeast Asian Ties

SK1011044494 Seoul KBS-1 Radio Network in Korean
0400 GMT 10 Nov 94

[YONHAP, Bangkok]

[FBIS Translated Text] With the settlement of the nuclear issue with the United States, North Korea is exploring ways to improve relations not only with the United States but with some Southeast Asian countries, such as the Philippines, with which it has no diplomatic relations, said a spokesman for the North Korean Embassy in Thailand on 10 November.

The spokesman said that therefore, Yi To-sop, North Korean ambassador to Thailand, will visit Manila around 23 November to sound out the possibility of establishing diplomatic relations between North Korea and the Philippines.

The spokesman said that North Korea also hopes to join the Asian Regional Security Forum and the Asia-Pacific Economic Cooperation. He added that there is no reason why North Korea should not participate in the regional consultative bodies discussing stability and peace on the Korean peninsula as they are directly connected with peace in the world as well as in Northeast Asia and affect the world order.

DPRK 'Looking To Improve Ties' With ASEAN

SK1011085194 Seoul YONHAP in English 0840 GMT
10 Nov 94

[FBIS Transcribed Text] Bangkok, Nov. 10 (YONHAP)—North Korea is looking to improve ties with Southeast Asian nations, including the Philippines, with which it has no diplomatic relations, a North Korean Embassy spokesman said here Thursday [10 November].

Accordingly, North Korean Ambassador to Thailand Yi To-sop plans to visit Manila on Nov. 23 after South Korean President Kim Yong-sam's trip there from Nov. 10-12 to sound out the possibility of opening Pyongyang-Manila ties, the spokesman said.

He added that after diplomatic normalization with the Philippines, North Korea also intends to improve ties with Brunei, the last member of the Association of Southeast Asian Nations (ASEAN) with which it lacks relations.

The spokesman noted that Pyongyang hopes to join regional organizations such as the ASEAN Regional Forum (ARF) and the Asia-Pacific Economic Cooperation (APEC) forum in which South Korea, China, the United States and Japan are members. He insisted that the North should join such bodies because stability on the Korean peninsula is vital to global and Northeast Asian peace.

Commenting on a visit by North Korean Vice Premier-Foreign Minister Kim Yong-nam to four ASEAN nations—Thailand, Malaysia, Singapore and Indonesia—which was originally scheduled for the end of October but was later delayed, he said: "At present, I cannot confirm whether his visit will be realized, though we will discuss the issue with the nations concerned."

Daily Details Transportation Plans for North

SK1011135594 Seoul MAEIL KYONGJE SINMUN in Korean 10 Nov 94 p 39

[By reporter Choe Ki-yong]

[FBIS Translated Text] The ROK Government has begun to develop plans to cooperate with North Korea in the fields of transportation and tourism in preparation for North-South economic cooperation. The plans will include opening roads linking North and South Korea and building an airport in the Najin-Sonbong region.

The "measures for exchange and cooperation in the fields of transportation and tourism in preparation for improved North-South relations," which the Transportation Ministry is developing, include plans to reconnect the severed Seoul-Sinuiju and Seoul-Wonsan railway lines; opening sea routes between the ports of Nampo, Wonsan, and Chongjin in North Korea and Inchon, Pusan, and Pohang in South Korea; opening a direct air route between Kimpo in Seoul and Sunan in Pyongyang; and building an international airport, roads, and rail lines in the Najin-Sonbong region.

The Transportation Ministry plans to carry out the plans in step with progress in North-South relations, and to pursue the Tumen River Development Project in cooperation with the UN Development Program and the Northeast Asian railway project in cooperation with the Economic and Social Commission in Asia and the Pacific [ESCAP].

Details of the plans are:

Railway and roads: The Transportation Ministry plans to begin the project to rebuild the 12-km Munsan-Changdan section of the Seoul-Sinuiju railway line and the 16.2-km Sintanjin-Wolchong section of the Seoul-Wonsan railway line. It also plans to build the 24.5-km Chorwon-Kumgok section of the Kumgangsan railway line.

The ministry will hold discussions with North Korea to reopen National Road No. 1 linking Seoul and Kaesong, National Road No. 3 linking Chorwon and Pyonggang, and National Road No. 7 linking Kosong and Wonsan.

Air and sea routes: It will hold discussions with North Korea to open an air route between Kimpo and Sunan Airports and open other routes in step with progress in economic cooperation.

It will seek to open sea routes linking Nampo, Wonsan, and Chongjin with Inchon, Pusan, and Pohang. It will also seek to open a sea route between Pusan and Najin, which North Korea plans to open as a special economic zone.

Tourism: The ministry will seek North-South joint development of tourism in Mt. Kumgang. It will examine a plan to link Mt. Kumgang to Mt. Sorak. It will also seek tourism projects to ensure foreigners tour both North and South Korea. It will also allow tourist agency officials to visit North Korea to discuss tourism. ROK tour officials sought to visit North Korea before the North Korea nuclear issue was raised.

Northeast Asian railway project: North and South Korea seek to participate in the Northeast Asian railway project to connect North and South Korea, the PRC, Mongolia, Kazakhstan, Russia, and Europe. ESCAP designated this project as one of its major projects and has finished on-site inspections in countries except for North and South Korea. Inspection teams will visit North Korea to

conduct inspections on 21-27 November and South Korea on 27 November through 1 October.

Cross-Border Railroads Restoration Work Planned

SK0911090894 Seoul YONHAP in English 0758 GMT 9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—The restoration work of railroads, which have remained severed since the division of the Korean peninsula, are to be conducted first on the Seoul-Sinuiju line, followed by Seoul-Wonsan and then Seoul-Kumgangsan (Mt. Diamond) lines, railroad officials here said Thursday.

The Korea National Railroad (KNR) fixed Wednesday an inter-Korean railroad restoration plan in which the KNR will restore the severed lines in the order of frequency in use expected in case the South-North Korean exchanges became full-fledged.

The administration will keep up the plan flexibly in accordance with the development of the inter-Korean relations and make use of the government's reserve fund or the inter-Korean cooperation fund for the restoration, KNR officials said.

Under the plan, the Munsan-Changdan section (12 km) of the Seoul-Sinuiju line will be restored over 19 months with the South pouring 25.1 billion won (about 31.5 million U.S. dollars) and the North repairing Changdan-Pongdong block (8 km).

On the Seoul-Wonsan line, South and North Korea will rebuild the 16.2-km section between Sintanni and Woljong and 14.8-km Woljong-Pyeongjong section, respectively.

As to the Kumgangsan line, 25.4 km of Chorwon-Kumgok and 50.8 km of Kumgok-Kisung sections will be restored by the two sides, respectively.

DP Supports Decision To Lift Ban on N-S Trade

SK0911012794 Seoul THE KOREA HERALD in English 9 Nov 94 p 2

[FBIS Transcribed Text] The main opposition Democratic Party (DP) said yesterday that it welcomes President Kim Young-sam's announcement that the government will lift the ban on the promotion of joint economic projects between South and North Korea.

Rep. Pak Chi-won, a spokesman for the DP, said in a statement, "We believe the government made the decision in a seriously and look forward to a substantial progress in inter-Korean economic cooperation."

He also warned the Seoul government against overly speeding up the work saying that it may entangle the delicate inter-Korean issues.

Daewoo Plans To Reconvene Projects With North

SK0911021894 Seoul THE KOREA HERALD in English 9 Nov 94 p 8

[FBIS Transcribed Text] The Daewoo Business Group is again pushing ahead with its joint projects with North Korea to build nine light-industry factories at an industrial complex in the North Korean port city of Nampo.

Daewoo Group Chairman Kim U-chung and North Korean Deputy Prime Minister Kim Tal-hyon signed a six-point agreement concerning the Nampo projects in January 1992, but it has been suspended because of the North's nuclear issue.

"If approved by the National Unification Board (NUB), we plan to carry out the Nampo project in three stages," said a Daewoo spokesman yesterday.

He said that Daewoo is ready to supply equipment and facilities for the Nampo projects and technicians necessary for the operation of factories.

"At a total investment of \$5 million, we plan to operate factories which produce shirts, blouses and jackets and bags in the initial stage," the spokesman said, adding that the factories will be put into operation within two to three months.

Daewoo wants to send 20 technicians to the Nampo industrial estate and employ about 1,200 North Korean workers for the projects.

He said that Daewoo plans to invite other local, smaller businesses for the second stage of its Nampo project.

Daewoo is now waiting for invitations from Pyongyang to conduct feasibility studies on the free economic zones surrounding Najin and Sonbong and to dispatch Daewoo's technicians, the spokesman said.

Well before the emergence of the North Korean nuclear issue, the spokesman said, Daewoo had received invitations from the North for the Nampo projects, the establishment of an electronics firm, and the feasibility study on the development of a zinc mine at Unpa, Hwanghae Province.

"As we have finished a feasibility study on the Najin and Sonbong area indirectly through China and Hong Kong, we will dispatch a feasibility study team to the area if and when the government approves our plan," he said, adding that his company is also weighing the formation of consortium for the area which requires a huge amount of investment.

He sees no problem in establishing a Daewoo representative office in Pyongyang if Seoul and Pyongyang agree.

Firms Surveyed on Plans for Trade With DPRK

SK0911021794 Seoul THE KOREA HERALD in English 9 Nov 94 p 8

[FBIS Transcribed Text] South Korean companies are expected to intensify the processing-on-commission with

North Korean counterparts in which northern workers are commissioned to process light-industry goods with raw materials and technology provided by the South, according to a survey by a South Korean trade organization.

A survey of 11 firms, conducted by the Korea Foreign Trade Association (KFTA), showed that most of the pollees said they would enlarge the processing-on-commission (POC) projects with North Korea if the Seoul government decides to push for a full-scale inter-Korea economic cooperation. The survey, conducted Oct. 14-21 on the companies that are involved in POC projects since 1991, was revealed yesterday.

More than 98 percent of the pollees said that their POC business focuses on manufacturing of textiles goods, such as sweaters, shirts, jackets and socks, the KFTA survey said.

About 70 percent of the respondents said that they will expand the POC business in North Korea as they believe it will help them secure a firm foothold in entering the North in the near future, it said.

However, over 30 percent said that they plan to strengthen their POC business in North Korea merely because they can take advantage of the Communist North's cheap but skilled labor forces.

Presently, the average wage level of North Korean workers accounts for merely 38.2 percent of that of South Korean workers, 1.2 percentage points more than that of Chinese workers.

Nevertheless, a majority of the respondents said that they will intensify the POC business in North Korea as the quality level of goods produced by North Korean workers is better than that of goods made by Chinese laborers.

According to the survey, a total of 15 domestic firms imported light-industrial goods worth \$1.24 million produced in North Korea through the POC formula in the first nine months of this year, up 4.6 times that of a year ago.

Inter-Korea trade, excluding the amount of trade made through the POC formula, totaled about \$131 million in the January-September period this year, down 13.3 percent from a year earlier, the survey said.

Small, Medium Firms Hope To Invest

SK1011072694 Seoul YONHAP in English 0704 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—Small and medium-sized companies from South Korea which hope to invest in North Korea prefer big cities, with almost none wanting to invest in the Najin-Sonbong free trade zone, a recent survey shows.

As a desired trade form, 37 percent favor two-way trade (purchase-sale), followed by sale with 33 percent and purchase with 9 percent, according to a written questionnaire completed by 75 small companies wanting to take part in inter-Korean economic cooperation conducted Thursday by the Korea Federation of Small Businesses (KFSB). The firms were optimistic about food and beverages, pulp, clothing and textiles.

On the companies' favored type of investment, joint management and investment accounted for 48 percent and 100-percent investment recorded 37 percent, the survey revealed.

In choosing the best investment location, small businesses gave the highest mark of 15 percent to Pyongyang and also liked such big cities as Haeju and Nampo, with just one company selecting the Najin-Sonbong zone.

Asked how they collect information on North Korea, the companies pointed to news media such as newspapers and broadcasters, economic organizations and government agencies, according to the survey.

As to the desired time for exchanges, 1995-96 captured 60 percent followed by after-1997 with 32 percent. Noteworthy was that within- 1994 registered only 7 percent, indicating that small firms are cautious and looking at a long-term basis, the KFSB analyzed.

More on Considering N-S Trade as Internal Issue

SK1011075194 Seoul YONHAP in English 0636 GMT
10 Nov 94

[By Chu Sangon]

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—The South Korean Government, having just announced steps to activate inter-Korean economic cooperation, is racking its brains over whether to take formal procedures so it will be recognized as internal trade.

If such recognition is not obtained, the international community, based on the provisions of the General Agreement on Tariffs and Trade (GATT), might object to the present customs-free status of inter-Korean trade.

In the event the matter is formalized, however, controversy might arise over an issue that has thus far been taken for granted. Hence the government's agony.

The South Korean Government has maintained under its constitution promulgated in 1948 that North Korea is part of the Republic of Korea, and therefore that inter-Korean trade constitutes an internal transaction.

In 1988 then-President No Tae-u, through the "July 7 declaration," proclaimed that "inter-Korean trade shall be regarded as transactions within the nation."

This stance is based on the logic that the United Nations charter recognizes the right of national self-determination, and therefore that it takes precedence over the GATT regime.

Some government officials note that trade between East and West Germany was regarded as internal in 1951 when the GATT regime was launched.

But the government is wary that amid the current "cut-throat" international competition, some countries may well make an issue of inter-Korean economic exchanges when they become activated.

The GATT provision standing in the way of customs-free inter-Korean trade stipulates that every member country should be accorded most-favored-nation treatment on an equal basis.

North Korea has yet to join the GATT and no opposition would come right away, but some countries might object if South Korea levied no customs duties on commodities coming from the North while taxing imports from other nations.

It was in preparation for this eventuality that Vice Premier and Unification Minister Yi Hong-ku last week instructed his subordinates to work out measures for possible objections from the GATT and other sources, bearing the German case in mind.

As a matter of fact, when Seoul offered the North 5,000 tons of rice in July 1991, Washington, pressured by American rice dealers, resisted by maintaining that GATT procedures should be followed if the deal were to be recognized as an internal transaction.

Generally speaking, there are two ways in which internal trade can be recognized by the GATT. One is to formally apply for an exemption on most-favored-nation treatment, as Germany did.

This requires approval by no less than two-thirds of GATT member countries. Unlike in the past, GATT members now number 123 and soliciting support from most of them would require enormous time and money.

The other way calls for having the GATT provision in question reserved for inter-Korean trade. This requires bilateral negotiations with most—if not all—GATT members, which might necessitate reciprocal concessions.

Whichever approach the nation may take, it would not be easy to get trade between the two Koreas recognized as internal.

Given such difficulties, the administration is reportedly studying an alternative plan for inserting a clause recognizing inter-Korean trade as internal transactions in written ratification of the projected World Trade Organization (WTO).

The administration hopes that this issue won't receive too much publicity. Should that happen, it fears, some countries which have remained silent on the matter might raise a ruckus to achieve certain "objectives."

In other words the government, relying on the German case, hopes that inter-Korean trade as an internal matter will be accepted as a fait accompli.

Article on Prospects of N-S Economic Cooperation

SK1011132094 Seoul SEOUL SINMUN in Korean
10 Nov 94 p 4

[By reporter Ku Pon-yong]

[FBIS Translated Text] Can the door of North-South economic cooperation, which has been closed due to the North Korean nuclear issue, be opened? With Seoul's 8 November announcement to revitalize economic cooperation with North Korea by lifting the policy linking the North Korean nuclear issue with economic cooperation, the ball has been served to North Korea's court.

However, as of 9 November North Korea still remains silent. People say North Korea's silence reflects the Kim Chong-il system's agony over North-South economic cooperation. In other words, North Korea is faced with the antinomy of having to keep its economic cooperation with South Korea secret to its own people while seeking South Korean capital and technologies.

It is difficult to deny that North Korea, which has registered negative economic growth since 1990, ardently needs economic cooperation with South Korea. Although it has tried hard to induce foreign capital since the joint venture law was enacted in 1984, North Korea has had no tangible success. In view of this, it can be said that presently North Korea has no partners for economic cooperation other than South Korea.

The foreign capital that North Korea obtained by the end of last year amounted to 140 cases totalling \$150 million. In a nutshell, the North Korean authorities are well aware that unless South Korean enterprises actively invest in North Korea, it will be difficult for North Korea to induce foreign capital and investment from the United States, Japan, and other Western countries. This is the current world opinion. In other words, North Korea, which is virtually on the verge of bankruptcy due to its serious shortage of foreign currency and due to its poor credit rating within the international community, is well aware that it cannot induce investment from Western countries if it offers the impression that "even their fellow countrymen are reluctant to invest in North Korea."

Nevertheless, North Korea has begun double-dealing, waving its hands to individual enterprises in South Korea while refusing dialogue and economic cooperation between the North and South.

An example of this is that when it established a free trade zone in the Najin and Sonbong areas in 1991, North Korea announced it would open the door not only to foreigners, but also to "compatriots outside the republic," thereby making "a gesture" to induce investment from South Korean enterprises. This can be seen in the

fact that again this year, when Seoul adhered to the policy of linking the nuclear issue with North-South economic cooperation, North Korea consistently maintained individual contacts with domestic enterprises such as Samsung and the Hyundai business groups through the Beijing Office of the Koryo National Industrial Development Association under the State Administration Council of North Korea.

North Korea's principle of "separation of political matters from economic matters" proceeds from its concern about possible trepidation in the North Korean political system in case North-South economic cooperation is revitalized, and consequently the outside world is introduced into North Korea.

Of course, despite the fact that Seoul has announced its forward-looking policy of revitalizing economic cooperation between the North and South, it is likely North Korea's double-dealing will continue for the time being. Furthermore, it is also likely North Korea will maintain its reluctance toward North-South dialogue and economic cooperation.

This analysis is based on the North Korean regime maintaining its system by constantly creating domestic tensions. Under the present situation, in which it is seeking to improve relations with the United States and Japan, its main enemies in the past, North Korea needs to continue intentionally aggravating tensions toward South Korea.

In view of such an analysis, there is a high possibility that North Korea will use an "operation" to induce our enterprises to invest in the thoroughly isolated special economic zone in Najin and Sonbong rather than induce them to invest in Pyongyang or the Nampo industrial complex where our enterprises wish to invest. In other words, there is a possibility North Korea may allow South Korean enterprises to establish their offices only in the Najin-Sonbong area.

In the same context, it is uncertain if North Korea will respond to holding a North-South joint economic committee.

However, experts feel that in case the inducement of Western capital fails to meet North Korea's expectation even after the Kim chong-il's system has been firmly established, North Korea will show sincerity in North-South economic cooperation.

N-S Economic Integration Measures Considered

SK1011032294 Seoul YONHAP in English 0114 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—The government, anticipating the need to create a basis for inter-Korean economic integration once business cooperation between the South and North is activated, has started mapping out medium- and long-term strategies for such integration.

The framework for the three-stage economic cooperation strategy with the North, as reflected in the new five-year economic plan announced last year, will be maintained with the priority of projects readjusted in view of developments in inter-Korean economic links, an official source said Thursday.

The three stages comprise implementation of demonstration projects and setting up of institutions, activation of exchanges and cooperation, and earnest economic cooperation.

Economic integration on the Korean peninsula will be promoted when a foundation has been cemented for an economic community upon completion of the third phase of South-North economic cooperation.

The projected economic integration measures are designed to minimize the side effects and economic cost of reunification.

Taking a lesson from German unification, the Kim Yong-sam administration plans to encourage local enterprises advancing into the North to invest in such infrastructure as roads, ports and communications, according to the source.

One major difference between Germany and Korea, the source noted, is that while West Germany wielded its economic might to prevent other countries from making economic inroads into East Germany, South Korea could not do the same if North Korea sought foreign investment, say, from the United States and Japan. Accordingly, South Korea plans to work out its own unique approach while taking selected lessons from the German case, the source said.

Economic integration measures under study by the government include a currency system, exchange rates, private ownership of land and other facilities, unemployment steps, denationalization of state enterprises, and coordination of the industrial structure on the Korean peninsula.

'Affirmative Sign' Seen in DPRK Discussions

SK1011130794 Seoul YONHAP in English 1253 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—The South Korea Government believes it is premature to regard North Korea's demand Thursday [10 November] for the South's apology over the nuclear issue and repeal of the national security law as their total rejection of the recent decision of the South to resume inter-Korean economic cooperation on a phased basis.

"We note that the North's response was not a comment from an official North Korean office like the Foreign Ministry or the Committee for Peaceful Unification of the Fatherland," said a government official.

He said that the North Korean report Thursday may be taken as their decision to accept cooperation projects with the South on a selective basis instead of as a total rejection.

The official took note of the fact that in the (North Korean) Central News Agency report, North Korea did not demand an apology for the South's lack of condolence over the death of Kim Il-song.

"This and their discussion of the basic South-North agreement and an economic joint commission can be an affirmative sign in some sense," he said.

In the news agency report, North Korea denounced the South's decision to resume economic cooperation as a "disguise to cover up a confrontation policy," demanding that prior to any economic cooperation, the South should first abandon a "hidden sword."

Dailies Discuss N-S Economic Cooperation

SK0811091694

[FBIS Editorial Report] Local vernacular dailies on 8 November carry editorials and articles on the inter-Korean economic cooperation in the wake of the announcement made by President Kim Yong-sam on his willingness to push ahead with economic cooperation with the North.

The conservative CHOSON ILBO carries on page 2 a 1,700-word article by its economic industrial team entitled "The Industrialists' Moves Toward Inter-Korean Economic Cooperation." The article begins by saying that "Local businesses, which were anxiously waiting for the government to announce its policy on the economic cooperation with the North, are actively pushing ahead with their plan to make investments in the North." Noting the visits to the North planned by the heads of major businesses, the article takes the examples of types of business the major business groups have in mind in reactivating their economic cooperation with the North as follows: Hyundai is planning to revitalize its Mt. Kumgang development project; Daewoo is preparing to begin operating the three plants it completed in Nampo industrial complex for the production of bags, knitted goods, and jackets; Samsung is to move its labor-intensive production lines to the North; Lucky-Gold Star is to invest in the electronic goods industry in the Najin-Sonbong area; and Kohlon is to dispatch its chemical textiles technicians to the North.

CHOSON ILBO also carries on page 3 an 800-word editorial entitled "The Conditions for the North-South Economic Cooperation." The editorial begins, "Now that the government has initiated step-by-step measures to activate the inter-Korean economic cooperation, the inter-Korean relations may well be entering a new phase. The inter-Korean economic relations have virtually been frozen to date as the government linked them with the resolving of the North Korean nuclear issue. The government's abolition of the linkage between the North Korean nuclear issue and the economic cooperation reflects that a turning point has been brought about in our policy to the North." The editorial then notes, "The

government's decision to resume its economic cooperation with the North seems to reflect its intention to more actively participate and play a leading role in the process of peaceful reformulation of order on and around the Korean peninsula on the judgment that the North Korean nuclear issue has entered a phase of settlement following the conclusion of the U.S.-North Korean talks." The editorial doubts the North's sincere reception of the South's progressive efforts for the exchange and economic cooperation and stresses, "The government ought to be flexible and active in the economic cooperation with the North, but at the same time it should expect and urge corresponding activeness and sincerity from the North as well."

The moderate HANGUK ILBO carries on page 2 a 1,100-word article by reporter Yi Paek-man entitled "The North-South Economic Cooperation Which Is in the Offing—It Depends on the North's Attitude." The article notes that the North has recently established The Korean Nation's Industrial Development Society (Kominbal) with Yi Song-nok as its chairman in an anxious effort to induce foreign investment, and cites a remark by a government official "That North Korea established Kominbal and appointed Yi Song-nok, a big shot North Korean official with an expertise on South Korean economic affairs, as its chairman must be a strategic advance move for the full-fledged inter-Korean economic cooperation that is forthcoming following the settlement of the North Korean nuclear issue." The article then cites another government official's remark "Our government is ready for the inter-Korean economic cooperation, but the success depends on how North Korea will take it."

The moderate HANGUK ILBO carries on page 3 an 800-word editorial entitled "The Economic Cooperation With the North Should Be an Orderly One." The editorial notes that the government's decision to activate the economic cooperation with the North is a significant step "that could bring forth a thaw on the Korean peninsula and an atmospheric change in Northeast Asia depending upon its development—this coupled with the major change in the government's foreign policy to actively push ahead with the replacement of the current Armistice Agreement system with a peace agreement system." The editorial then stresses that the government should assure the North that the economic cooperation will help the North recover its economy in order to dispel any worries it might have, and that the government should exercise its regulatory measures to induce the South businessmen's orderly activities for economic cooperation.

The moderate HANGUK ILBO carries on page 10 a 900-word article by reporter Nam Tae-hui entitled "Economic Cooperation With the North—Medium-Size Industries Also Participating." The article notes small- and medium-size industries are also actively exploring to join the rank of economic cooperation with the North "because the initial stage of inter-Korean economic

cooperation is destined to be mostly in the light industrial realm which produces wearing apparels, footwear, toys, and daily necessities, to which the small- and medium-size industries belong."

The moderate KYONGHYANG SINMUN carries on page 3 a 1,000-word article by reporter Kim Hak-sun entitled "The Background of President Kim's 'Withdrawal of Linking the Nuclear Issue and Economic Cooperation.'" The article notes the significance of President Kim's lifting the ban on economic cooperation with the North prior to his departure for the Asia-Pacific Economic Cooperation Summit?d writes: "The decision shows the will of President Kim and our government that, as he is embarking on a summit to peconomic cooperative relations with other countries, inter-Korean economic cooperation should not remain frozen." The moderate TONG-A ILBO carries on page 4 an 800-word article by Hwang Ho Taek entitled "Inter-Korean Economic Coopen—Businesses Stand By To Visit the North." The article notes: "Even when visiting the North was prohibited, our?inesses either contacted the North Korean side in Beijing or maintained contact with North Korea through third countrs." The article notes that North Korea merged the channels of contact with foreign countries and South Korea into one channel called Kominbal under the State Administration Council, replacing many of the working level officials of Kominbal's Beijing office. The article continues: "We hear that the senior executives of Hyundai, Lotte, Jinro, and Tongyang business groups met Yi Song-nok, Kominbal's chairman, in Beijing and had in-depth conversations as to the direction of economic cooperation." The article notes that 41 businesses received invitations from North Korea and filed applications with the National Unification Board to visit the North, including large business groups as Samsung, Hyundai, Daewoo, Lucky-Gold Star, Kohlon, Hanil, Kohap, Miwon, and Hanjin, and a number of small- and medium-size industries.

The left-leaning HANGYORE SINMUN carries on page 3 an 800-word article by reporter Chang Chong-su entitled "A Signal for Active Improvement of North-South Relations—the Significance of President Kim's Withdrawal of Linking the North's Nuclear Issue and Economic Cooperation." The article notes: "President Kim's 7 November announcement on his policy of not linking the North's nuclear issue with economic cooperation is intended to eliminate North Korea's distrust of South Korea." The article then notes: "The change in the government's attitude was anticipated in the wake of the conclusion of the North Korean-U.S. Geneva talks, but the fact that President Kim made it official was prompted by the government's pressing awareness that stalemated North-South relations cannot continue." The article then observes: "Under the circumstances in which U.S., European, and Japanese businesses are actively exploring advancement into North Korea with the conclusion of the Geneva talks, the ROK could not continue to confine itself to the nuclear issue."

The independent moderate MAEIL KYONGJE SINMUN carries on page 4 an 800-word article by reporters Min Ho-ki and So Yang-won entitled "What Region and What Type of Business Is Promising?—Najin- Sonbong With Rich Natural Resources Is the Best."

The article begins: "The area where local businesses can advance into North Korea with government permission is the Najin-Sonbong District, which North Korea designated as a special development zone." The article notes: "If local businesses invest in the Najin-Sonbong zone, the promising areas in the production sector are those that can utilize the mines and forestry resources in the zone and the related industries developed in the area surrounding the economic zone, as well as investment in the development of the infrastructure for the construction of the Najin-Sonbong Free Economic Zone."

The moderate CHUNGANG ILBO carries on page 3 a 600-word editorial entitled "Inter-Korean Economic Cooperation Should Be Made With Discretion." The editorial notes that President Kim's 7 November announcement on inter-Korean economic cooperation, with the comprehensive settlement of the nuclear issue between the North and the United States, "leads us to expect that the situation on the Korean peninsula could be developed in a stable manner henceforth." The editorial observes: "However, we cannot anticipate immediate tangible results, nor should we be in a hurry. A hasty rush to Pyongyang without discretion and unreasonable competition among businesses should be prohibited." The editorial then questions if the North is prepared and willing to conduct full-fledged economic cooperation with the South, and writes: "Therefore, we should expand the processing trade, which we have conducted so far, and push ahead with direct trade, which North Korea has rejected to date. While doing so, we should watch the North Korean reaction." The editorial concludes: "The progress of economic cooperation has to be on the same track with progress of the North Korean-U.S. nuclear talks, so we should refrain from the fantasy-laden approach to the North."

Beijing Mayor Arrives for Beijing Week Events

SK1011044994 Seoul YONHAP in English 0427 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—Beijing Mayor Li Qiyang arrived in Seoul Thursday to attend events marking "Beijing week," which begins Friday, and to carry out public relations activities aimed at attracting South Korean investment in his city.

Li plans to pay a courtesy call on Seoul Mayor Choe Pyong-yol Thursday afternoon and sign an accord for next year's exchange projects between Seoul and Beijing.

The accord includes Seoul's dispatch of officials who will study the housing policy and health environment of Beijing, and an exchange of friendship delegations by the two city assemblies.

Li was invited by former Seoul Mayor Yi Won-chong, who visited Beijing last year.

Meanwhile, Seoul city plans to confer honorary citizenship on Li, recognizing his service in promoting friendly relations between the two capitals.

Pledges To Increase Friendly Ties

SK1011084394 Seoul YONHAP in English 0820 GMT 10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—Beijing Mayor Li Qiyang, who arrived in Seoul Thursday [10 November], said he will strive to promote friendly relations between the two Asian capitals.

"I am delighted to come to beautiful Seoul with its long history," said Li, expressing hope that ties with Seoul city will deepen thanks to the momentum of "Beijing week" starting Friday.

Li said that during his stay, he will try to enhance understanding of the Chinese investment environment among South Korean businessmen and financial figures.

Asked to describe his first visit to Seoul, Li replied that he was impressed by its vigor and modernity, while offering congratulations on its sixth centennial as Korea's capital city.

He said Beijing is endeavoring to provide a better climate for South Korean businesses seeking to invest in his country as well as the Chinese capital. He said promising business fields in China are automobiles, electronics, garments, medicine and food products.

Seoul Forms Group for Recognition of 'East Sea'

SK0811074894 Seoul YONHAP in English 0658 GMT 8 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 8 (YONHAP)—A 50-member "Society for the East Sea," aimed at gaining official international recognition for the geographical name "East Sea," will be launched Wednesday, the Foreign Ministry said Tuesday.

Former Science and Technology Minister Kim Chin-hyon will chair the society composed of academicians, journalists, economists, women activists and cultural leaders.

The society, to meet for the first time at Korea University's Incheon Memorial Hall, is being established after a controversy arose over the geographical name for the body of water lying between Korea and Japan.

Seoul says it should be called "The East Sea" while Japan insists on "The Sea of Japan." Old maps are divided between these two names.

The society will arrange historical research, surveys and international seminars and muster global understanding and support for Seoul's position.

A commemorative seminar opens Wednesday timed with the formal establishment of the society attended by four local professors and a foreign guest, Prof. Naftali Kadmon of Israel who currently belongs to a U.N. experts' group on geographical names.

Kim Yong-sam's APEC Itinerary Details Noted

SK0911054494 Seoul YONHAP in English 0513 GMT 9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—President Kim Yong-sam leaves Seoul for Manila Thursday on his way to Bogor, Indonesia, where he is to attend the second Asia-Pacific Economic Cooperation (APEC) economic leaders' conference on Nov. 15.

President Kim will stay in the Philippines until Saturday and then fly to Indonesia for the conference. On his way back, Kim will visit Australia on Nov. 16-19.

At the APEC conference, Kim and other leaders plan to adopt "Bogor declaration," which will call for the liberalization of trade inside the region, and discuss ways to develop the APEC into a workable economic cooperation body.

Leaders of the 18 APEC member countries including U.S. President Bill Clinton, Chinese President Jiang Zemin and Japanese Prime Minister Tomiichi Murayama will attend the conference.

President Kim is scheduled to deliver a speech at the start of the meeting slated for Nov. 15 at Bogor Palace, in which, he will, among others, call for the liberalization of trade and the establishment of an information super-highway in the Asia-Pacific region.

Kim plans to hold a series of separate talks with Clinton, Jiang, Murayama and Canadian Prime Minister Jean Chretien in Jakarta on Nov. 14.

Kim will meet with Fidel Ramos, president of the Philippines, in Manila to discuss ways to expand bilateral cooperation in the fields of construction and science and technology.

While in Indonesia from Nov. 12-16, Kim will meet with Indonesian President Suharto to discuss ways to promote bilateral friendly relations, including joint development of natural resources and South Korean participation in Indonesia's construction of social infrastructure.

In Australia, Kim plans to have talks with Prime Minister Paul Keating. He is to return home on Nov. 19.

Kim Yong-sam Comments Before Leaving for APEC

SK1011040094 Seoul KBS-1 Television Network in Korean 0118 GMT 10 Nov 94

[Remarks by ROK President Kim Yong-sam upon his departure to the Indonesia APEC summit made at the Seoul Airport—live]

[FBIS Translated Text] Dear fellow countrymen: I am leaving the country today to attend the Asia Pacific Economic Cooperation [APEC] summit to be held in Indonesia and to pay a visit to the Philippines, Indonesia, and Australia in the Asian-Pacific region. The APEC summit to be held in Bogor this time is the second meeting of heads of state of the Asian-Pacific region following the one held in Seattle last year.

Last year's Seattle summit, attended by heads of state from 14 countries in this region, was a meaningful meeting which presented the vision of the Asian-Pacific community. The current Bogor summit, which will be attended by the heads of states and ministers from 18 countries in this region, is the largest summit in this area. A concrete goal of actions will be established there to develop the Asia-Pacific community. The ways for regional economic cooperation necessary for common prosperity and economic development in this region, including trade liberalization, will be discussed in depth in the summit.

In the current summit, I will play a more active role in invigorating the Asian-Pacific economic cooperation body by arranging interests among the countries in the region based on our national ideal which can represent [taebyon] and mediate [chungchae] common goodness [Kongdongson] in the region.

Before and after the APEC summit, I will visit the Philippines, Indonesia, and Australia, which have consistently maintained and developed cooperative relations with us and will hold a summit with President Ramos, President Suharto, and Prime Minister Keating, separately. These three nations are the countries with abundant potential, with which we can expand mutually supplementary and substantive cooperation in many domains, including trade and investment.

Through these visits, I will consolidate our position and role by participating with the initiative in formation of a new order in the Asian-Pacific region in the upcoming 21st century. I will return after substantively solidifying the foundation of cooperation within the Asian-Pacific region with a view to leaping into the rank of advanced countries.

This time, I will also keep my promise made before the people, that I will rush to the end of the earth for the sake of the national interest. With this resolution, I will embark on my trip.

However, not only the president but also all the people should run together with one mind. Only by doing so, can we win in the competition.

We must have wisdom to turn all trials and challenges at home and abroad into a blessing.

We should all examine ourselves, regarding errors as caused by our own mistake, and should make a new start all together, even now, looking outside and to the future.

Those who do not try to advance are doomed to be left behind, and only those willing to advance can make genuine advance.

While I am away from you, the people, I will do my utmost. I wish that you, the people, will also do your utmost at home with a new resolution.

Thank you.

Departs for APEC, Southeast Asia

SK1011021794 Seoul YONHAP in English 0203 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—President Kim Yong-sam, accompanied by First Lady Son Myong-sun, left for Manila Thursday on the first leg of a 10-day tour of Southeast Asia and Australia.

In Indonesia, he will attend a summit of the 18-nation Asia-Pacific Economic Cooperation (APEC) forum slated for Nov. 14-15 at Bogor.

During the summit, he plans to hold separate one-on-one meetings with U.S. President Bill Clinton and other leaders to exchange opinions on Korean and Northeast Asian developments in the wake of the recent North Korea-U.S. nuclear agreement and discuss increasing international economic cooperation in the Asia-Pacific region.

In his departure message, Kim called on South Koreans to "start anew for the outside world and for the future... People not taking a step forward cannot help falling behind and only those wanting to go ahead can make progress."

He pledged to cement the nation's international status by playing a leading role in establishing a new Asia-Pacific order in the coming century and contributing actively to furthering regional economic cooperation.

He is being accompanied by 63 business leaders seeking to promote trade relations with the Philippines, Indonesia and Australia.

Kim will return home Nov. 19 after a four-day visit to Australia.

White Paper on Foreign Affairs Published

SK0911062794 Seoul YONHAP in English 0559 GMT
9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—The South Korean Government predicts the Northeast Asian situation will become stable, as North and South Korea and their four neighboring powers are expected to focus on regional economic cooperation.

The Foreign Ministry, in the 1994 white paper on foreign affairs published Wednesday, said that the increasing importance of "low politics" for regional economic cooperation, like the triangular East Asian development

zone covering the Tuman River basin of North Korea, the three northeastern provinces of China and the far eastern Siberia of Russia, over the "high politics" of the Cold War period stressing military power and defense strategy would help stabilize the Northeast Asian situation rapidly.

The relations between the four regional powers—the United States, Japan, China and Russia—will develop in the direction of regional detente, though slowly, and they will seek, in the course of this development, a multilateral security system and a relationship of "competitive coexistence" for their political and economic interests, the white paper said.

As for the multilateral security system, it noted that Washington is backing the Association of Southeast Asian Nations (ASEAN)-proposed ASEAN Regional Forum (ARF) as a multilateral security system in the Asia-Pacific area, while taking a positive stance on the Seoul-proposed multilateral security system in Northeast Asia.

The idea of multilateral security cooperation will be promoted vigorously by Northeast Asian nations at both government and private levels, as China is moving to shift from the past passive stance on this issue to a positive one, it added.

The white paper predicted the four powers' cross recognition of North and South Korea expected to come as a result of the recent North Korea-U.S. nuclear agreement would help create an international environment in favor of building a peace regime on the Korean peninsula, while warning that the four powers' different views on Korean reunification may stand in the way of Seoul-led efforts to achieve peaceful reunification of Korea.

Police Decide To Crack Down on Illegal Aliens

SK0511050694 Seoul YONHAP in English 0434 GMT
5 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 5 (YONHAP)—The National Police Agency has decided to crack down on illegal aliens for one month starting this weekend to cope with a rise in crimes committed by such foreigners.

During the crackdown, police will carry out thorough surveillance of foreigners employed illegally at entertainment spots including restaurants and tea houses, deserters from industrial training programs and brokers arranging illegal employment and false marriages.

An agency official revealed Saturday [5 November] that police will conduct the clampdown with the cooperation of immigration, labor affairs and administrative offices in each district.

However, illegal aliens working for industries will be exempt from the crackdown in consideration of the manpower shortage facing the country.

Ruling Party Considers Postponing WTO Motion

SK0811081794 Seoul YONHAP in English 0757 GMT
8 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 8 (YONHAP)—The ruling Democratic Liberal Party (DLP) may put off dealing with the motion for South Korea to join the World Trade Organization (WTO) until the end of the National Assembly's regular session, a senior party official said Tuesday.

DLP Floor Leader Yi Han-tong told the press that the party's consideration of postponement is in accordance with the instruction of President Kim Yong-sam that it need not hurry the motion.

This year's regular session ends on Dec. 18.

A DLP official said, "it is highly likely that the motion may be adopted at the end of the regular session."

Agriculture, Forestry, Marine Trade Deficit Grows

SK1011042694 Seoul YONHAP in English 0130 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—The trade deficit in agricultural, forestry and marine products surpassed 4 billion U.S. dollars for the first nine months of this year, rising 12.5 percent from the same period last year, the Agriculture, Forestry and Fisheries Ministry said Thursday.

Ministry statistics revealed that exports of agricultural, forestry and marine products during the January-September period increased 9.4 percent to 2,089 million dollars, while imports climbed 11.4 percent over the same period last year to 6,426 million dollars.

The trade deficit thus came to 4,337 million dollars compared with 3,856 million dollars during the same period a year ago.

The trade shortfall in this area accounted for 77.1 percent of the country's total deficit of 5,630 million dollars at the end of September.

A ministry official explained that the higher deficit is attributable to rapid growth in imports of beef, marine products and other food and sluggish exports of vegetables and pork.

By item, imports of vegetables including garlic and onions rose 146.1 percent to 111 million dollars during January-September while imports of meat and marine products jumped 43.6 percent and 39.1 percent, respectively, to 403 million and 534 million dollars.

Imports of other food and table luxuries such as coffee, cigarettes and liquor amounted to 778 million dollars while soybean imports reached 291 million dollars. Fruit imports including oranges were 197 million dollars and vegetable oil including palm oil amounted to 153 million dollars.

However, imports of potatoes, pumpkins for animal feed and herbal medicine decreased to 27 million dollars, 211 million dollars and 29 million dollars, respectively.

In the meantime, exports of strawberries and citrus fruit rose 45 percent to 46 million dollars while shipments of such items as tobacco increased 19.4 percent to 232 million dollars.

Exports of flowers and vegetables including cucumbers rose 3.8 million dollars and 61 million dollars, respectively, showing a steady increase rate.

In trade of marine products, the country registered an export increase of 7.5 percent to 1,133 million dollars during the cited period.

Government Plans Merit System for Promotions

SK0511050494 Seoul YONHAP in English 0443 GMT
5 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 5 (YONHAP)—President Kim Yong-sam declared Saturday [5 November] that the government would adopt a merit system in promoting officials, as under the seniority system officialdom lacks competitiveness.

Addressing a meeting of 693 provincial and county administration and police leaders held at the Seoul Regional Police Agency, the chief executive said it was utterly wrong that hard-working and idle officials are paid equally.

Touching on the recent bridge collapse in Seoul and other major accidents, he said: "We must keep in mind that many of these accidents are attributable to loopholes in administration... We must stop being rough-and-ready and easygoing and pursue, instead, preventive and responsible administration."

Reminding that the government's principal duty is to protect the lives and safety of citizens, Kim called on all public servants to consider whether they have fully discharged this duty.

He also urged the local administration and police leaders to tout the government's achievements among the people, saying the citizenry knows little about such achievements as the 8.5-percent economic growth in the first half of the year and the settlement of the nuclear row with North Korea through close cooperation with the United States because of poor government public relations.

Business Chairman Summoned on Bridge Accident

SK0811074994 Seoul YONHAP in English 0700 GMT
8 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 8 (YONHAP)—The Seoul district prosecutor's office summoned Tong-A group Chairman Choe Won-sok Tuesday afternoon for

questioning on whether he was involved in faulty construction of the Songsu Bridge, whose collapse last month claimed 32 lives.

The prosecution will determine whether to refer Choe to judicial procedures Wednesday after questioning him overnight.

Investigation Hits 'Snag'

SK0911080194 Seoul YONHAP in English 0731 GMT
9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—The prosecution investigation of Choe Won-sok, chairman of the Tong-A business group, overnight Tuesday hit a snag as he adamantly denied his charged responsibilities for the Sungsu Bridge collapse.

Choe is charged with instructing the shortening of the construction period of the bridge and being involved in shoddy truss beam welding, found to have caused the breakdown of the bridge over the Han River in eastern Seoul on Oct. 21, that claimed 32 lives.

In the face of his denials of the charges, the prosecution cross-questioned Pak Chin-u, 59, then director of the bridge builder Tong-A Construction and Engineering Co. in charge of the bridge construction site, and Sin Tong-hyon, 54, now under detention, who then supervised the construction site, only to fail in confirming any charges.

A prosecutor concerned said Wednesday, "as the suspect has continuously denied involvement in the focal point of faulty engineering work, we are encountering difficulties."

Should no charges be confirmed after further questioning Wednesday, the prosecution is studying a plan of releasing Choe for the time being.

In case Choe is allowed to return home, as was the case with former Seoul Mayor Yi Won-chong, it would be very difficult for the prosecution to bring legal actions against Choe, analysts observed.

Prosecution Fails To Find Evidence

SK0911105394 Seoul YONHAP in English 1018 GMT
9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—The prosecution, looking into the cause of the recent collapse of the Songsu Bridge, decided Wednesday evening to set free Choe Won-sok, Tong-A group chairman, as it failed to dig out any evidence of charges against him.

"We drilled Mr. Choe for two straight days. But, he insists that he didn't know of any unfaithful work in the construction of the doomed bridge," a Seoul prosecution official said.

He said, however, his release does not mean the conclusion of his case.

"If evidential materials were obtained against him in future investigation of others involved in the bridge construction, we will summon him again for questioning," the official said.

He said the prosecution studied the possible legal handling of Choe based only on the outcome of hitherto investigation.

But, many prosecutors were against the idea as there was no sufficient evidence against him, the official added.

President Hosts Breakfast for DLP Officials

SK0911012594 Seoul THE KOREA TIMES in English
9 Nov 94 p 2

[FBIS Transcribed Text] President Kim Yong-sam yesterday hosted a breakfast for Rep. Yi Han-tong, floor leader of the ruling Democratic Liberal Party, and nine deputy whips at Chongwadae.

During the breakfast, President Kim called upon them to face fairly and squarely the political offensive being mounted by the opposition camp which demands legal actions against those who pulled off the "Dec. 12 incident" in 1979, according to Yi.

The prosecution recently defined the incident as a "military coup" but did not indict those involved, passing it to the judgment of history.

Floor leader Yi reported that the stalled National Assembly is expected to return to normal soon.

Rep. Yi said that although he is serving as floor leader of the ruling party for the fourth time, it was the first time the Chief Executive invited all floor leaders and deputy whips to any Chongwadae functions.

Prosecution Decides Not To Indict Pak Tae-chun

SK0811091594 Seoul YONHAP in English 0829 GMT
8 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 8 (YONHAP)—The Supreme Public Prosecutor's Office decided Tuesday not to indict Pak Tae-chun, former chairman of Pohang Iron and Steel Co. (Posco) whose indictment for allegedly taking bribes worth 3.9 billion won had previously been suspended due to his absence from the country.

Prosecutor Yi Won-song, who heads the office's Central Investigation Department, disclosed that suspicions over Pak's receipt of bribes had been confirmed. However, "we have decided not to indict him as Pak cannot afford to lead life in prison due to his serious illness."

The prosecution's decision brought an end to a lengthy investigation of irregularities involving the nation's

largest steel company and its ex-chairman that was initiated by the Board of Audit and Inspection in May last year.

The prosecution's decision is likely to spark public criticism that it acted on "political considerations," not Pak's health problems.

During two meetings with the prosecution on Oct. 21 and Oct. 27, Pak acknowledged taking bribes amounting to 3.9 billion won from 20 companies having business ties with Posco when he served as its chairman.

Pak reportedly admitted in the sessions that he used 700 million won to purchase real estate including officetels, condominiums and stores, while depositing the rest of the money in banks or investing in stocks in his own or family members' names.

Pak returned home from Japan last month after his mother died and has since been treated for heart disease at the Seoul National University Hospital.

More Denunciation of 12 Dec Incident Ruling

SK0811081994 Seoul YONHAP in English 0747 GMT
8 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 8 (YONHAP)—Amid mounting pressure from opposition parties to cancel the prosecution decision not to indict those involved in the Dec. 12 "coup d'etat-like" incident, a ruling party lawmaker Tuesday denounced the prosecution for labeling the incident a revolt.

"If the Dec. 12 incident is a revolt as declared by the prosecution, we cannot grant leaders of the prosecution moral authority to judge and prosecute (the incident) because they devoted themselves to maintaining the regimes of the Fifth and Sixth Republics led by the rebels," insisted Rep. Ho Hwa-pyong of the ruling Democratic Liberal Party (DLP), a key player in the incident 15 years ago.

Speaking to a general meeting of DLP lawmakers, Ho, a close aide to former President Chon Tu-hwan, added: "If the Democratic Justice Party during the Fifth and Sixth Republics was a party of rebels, how should we understand the moral basis of the Democratic Liberal Party which comes from the Democratic Justice Party?"

Ho's remarks are expected to stir controversy in and outside the DLP as he directly criticized ruling party leaders' viewpoints of the incident and their reform drive against forces of the former regimes within the party.

"The three-party merger was a call and trend of the age. We declared to the people and history the merger and inauguration of a new party to become the leader of the 20th century. By so doing, we could give birth to the Democratic Liberal Party, paving the way for the creation of a new Korea.

"My feeling, however, is that we failed to throw away conflicts and hostilities into a flowing river, instead reproducing them," Ho stated.

"The majority of those who joined in creating the regime have been criticized for being conservative forces, forces against national unification and reform, and even forces which should be reformed while the entire regime of the ruling Democratic Liberal Party is degenerating into an immoral one which joined forces with a rebel group," Ho claimed.

He warned against attempts to isolate conservative forces within the party by disregarding the spirit and background of its foundation, adding "that will lead to the disintegration of the party and make the party isolated from the majority of the people."

He denounced the opposition Democratic Party [DP] for mounting an offense over the prosecution's decision not to indict those involved in the incident. "The DP does not deviate from the category (in which they have been elected in accordance with the laws enacted under the Chon Tu-hwan regime) and DP Chairman Yi Ki-taek and senior lawmakers of the DP had promised settlement of the past as colleagues of Kim Tae-chung.

"By when should we destroy the present and future with the hands of the past under the pretext of public opinion and bringing the truth to light? The party leadership will have to return to the spirit of the three-party-merger to reaffirm the party policy line and make efforts to lead political affairs."

He also urged the party leadership to hold the prosecution responsible for its recent decision to designate the Dec. 12 incident as a revolt under the military criminal code, saying the prosecution was the root of troubles in the parliament.

Rep. Sin Sang-u, chairman of the National Assembly Intelligence Committee, rebuffed Ho, saying he might have misunderstood that the current regime instigated the prosecution to do things, which he deems unnecessary, to make matters worse.

"Rather, the result of the prosecution's investigation is its own and the decision not to indict (those involved in the case) is coherent with the current regime's position based on reconciliation," Sin said.

"The spirit of reconciliation at the moment is not different from the spirit of the three-party-merger."

High Prosecutor's Office Turns Down Chong Appeal

SK1011104794 Seoul YONHAP in English 1027 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—The Seoul Appellate Prosecutor's Office on Thursday [10 November] turned down as "lacking reason" the appeal

filed by former Army Chief of Staff Gen. Chong Sung-hwa and 21 others against ex-President Chon Tu-hwan.

Explaining about the rejection, Prosecutor An Tae-chan said, "The Seoul District Prosecutor's Office has already made a legal judgment of the Dec. 12 incident through its 15-month-long investigation."

He said his office, too, reviewed the case and reached the conclusion that the judgment by the District Prosecutor's Office was justified.

Chong and others appealed the case on last Nov. 2, asserting that it was not right for the district prosecution to suspend the indictment of Chon and his colleagues although "charges of rebellion under the Military Criminal Code were evidenced clearly" against them who played key roles in the Dec. 12 incident.

Universities Address Professors' Dual Citizenships

SK1011072294 Seoul YONHAP in English 0709 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—Universities across the country are scrambling for measures to handle some 400 professors holding dual citizenship, sparked by Wednesday's court ruling that nullified the appointment of Yonsei University President Song Cha because he was a "stateless person" when he was named to the post.

Under the court decision, university authorities have started their own checks of professors who are foreigners or stateless while seeking voluntary reports on their status.

Schools are also moving toward closer scrutiny of citizenship when recruiting new professors.

Moreover, they expect the Education Ministry to clear up prospective problems by revising existing laws, as there are no rules regulating the employment of professors with dual citizenship while the need is growing to employ foreign professors in preparation for internationalization.

In the case of Yonsei University, some 15 Korean professors are reportedly foreign nationals, but school authorities have decided not to take action as there are no regulations explicitly forbidding their employment.

Sogang University plans to send letters to all professors this week asking them to voluntarily report dual citizenship, but is not considering ousting anyone.

Sungkyunkwan University has decided to maintain its present rule of advising professors with dual citizenship to give up their foreign citizenship.

A staff member at a Seoul University said a professor holding dual citizenship may face problems, but no one must be bound by nationality in the era of globalization.

Daily Views Ruling on Professors

SK1011095294 Seoul HANGUK ILBO in Korean
10 Nov 94 p 31

[FBIS Translated Text] The 9 November ruling of the court deciding the election of Yonsei University President Song Cha was invalid has caused a great sensation within all educational circles as well as at Yonsei University.

The gist of the court's ruling was: "Those who do not possess Korean nationality—that is, legally denationalized persons or those with dual nationalities—are not qualified to become university presidents and regular professors responsible for the pillar of the country's education."

The court presented such a ruling in accordance with the spirit of the constitution, which stipulates the citizens' right to assume public posts; with the Law on Educational Public Service Employees, which stipulates that "unless specifically allowed by law, foreigners are not qualified to be employed as teachers at national or public schools"; and with the Law on Private Schools, which stipulates that "the qualifications for becoming teachers at private schools correspond to those concerning national or public schools."

According to this ruling, colleges and universities across the country that have employed dual nationals or foreigners as regular professors have been racking their brains to map out countermeasures. Right after the ruling was made public, Sogang, Chungang, and Hanyang Universities held individual meetings at which they decided to ask those professors with dual nationalities to give up their foreign nationalities, and to require newly-employed professors to offer memorandums giving up their foreign nationalities.

The Ministry of Education [MOE] is of the view that at the moment, a total of 404 professors who possess dual nationalities, including 182 of Korean origin, are teaching at private colleges or universities throughout the country. In particular, in the case of the Pohang Institute of Technology, 35 professors of foreign nationality—approximately 20 percent of the total number of Pohang's teachers—are teaching in departments such as ultramodern science. Some at the MOE and in educational circles have said: "The court's interpretation of the law is ignoring our universities' existing practice of employing foreign professors. At a time when we urgently need to secure international competitiveness in education, it is anachronistic to make illegal the employment of foreign professors—the most effective means to bring in advanced learning."

This notwithstanding, the court made its position clear, saying: "In view of the very important mission professorships have at colleges or universities, there is no need to offer different treatment to private schools when considering the qualifications of their teachers. Under

the existing legal system, no one can give to foreigners the same status as native Korean professors possess."

The court specifically said: According to the present Law on Educational Public Service Employees, if necessary, foreigners are qualified to become "visiting teachers" who shall conduct only research and lectures, but are not qualified to become "regular professors who shall have the right to guide and supervise students and have a vote in the school administration."

The court added: "It has been excessive noninterference and dereliction of duty for the MOE to have accepted the reality in which many foreign professors or presidents exist at private colleges or universities even before the constitution and relevant regulations on education were enacted, without changing or improving the relevant regulations. If there is a necessity to employ foreigners as regular professors in conformity with the trend of internationalization, it is necessary to adopt legislation to change or improve the existing laws and regulations."

Some officials at colleges and universities have presented their own views, saying: "Presently, most colleges and universities make it their basic policy to employ foreign professors for foreign language learning. In view of this, it is necessary to consider changing or improving the relevant laws and regulations to the effect that only native Koreans are qualified to become college deans or university presidents responsible for establishing the basic policy for education and managing school administration affairs."

University Head Refuses To Resign

SK0911114694 Seoul YONHAP in English 1050 GMT
9 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 9 (YONHAP)—Yonsei University President Song Cha said Wednesday afternoon he won't resign as Yonsei prexy despite the court ruling earlier in the day that his 1992 election is void and null.

In a press conference at the school at 2:30 P.M., Song said he cannot leave the university rashly at a time when he said his university is in much difficulties.

"I will leave everything about my fate to the Board of Trustees having the right to appoint or remove a university president," he said.

However, Song strongly implied that he would carry on the school presidency regardless of the court decision by saying, "a Board of Trustees meeting convened on Oct. 27, 1993 specifically to review the issue of my alleged double nationality, gave me a renewed confidence."

He reiterated his assertion that he restored his Korean nationality belatedly in early 1993 after renouncing his U.S. citizenship in 1984 simply because of his ignorance of related law.

Meanwhile, a group of 38 key faculty members of Yonsei University unanimously decided to support Song so that "he could dedicate himself to the development of the university."

A school official said the attendees who included deans and other key office holders resolved that Song's resignation cannot be discussed based simply on the district court's ruling.

Seoul: 'Nearly Full Employment' in Third Quarter

SK1011105194 Seoul YONHAP in English 1042 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—South Korea's employment structure is steadily improving as the country experiences nearly full employment and declining working hours.

The Statistics Administration reported Thursday [10 November] that of 33,006,000 people aged 15 or older, 20,018,000 persons were employed and 448,000 jobless in the third quarter of this year with the remaining 12,377,000 being non-economically active population comprising household chore doers, students and military service persons.

The third-quarter number of the employed represented an increase of 2.5 percent over the same period of last year, a rate outrunning the pace of the increase of economically active population which stood at 2.1 percent.

The unemployed showed a decline of 70,000 from 518,000 a year before, the unemployed rate dropping 0.4 percent from 2.6 percent a year before to 2.2 percent.

An official of the Statistics Administration said the reduced unemployed ratio was due to the fact that industries recruited more workers in the July-September period than before influenced by the recovering business.

The average working hours of the employed stood at 51.9 hours per week, 0.2 hours less than a year before.

As for the employment structure by industry, agriculture, forestry and fishery accounted for 15.7 percent of the total employed, manufacturing 23.6 percent, and social overhead capital and others 60.5 percent, it said.

KAMA Provides Production, Export Statistics

SK1011011994 Seoul YONHAP in English 0040 GMT
10 Nov 94

[FBIS Transcribed Text] Seoul, Nov. 10 (YONHAP)—South Korea placed fourth in increase rates for car production and exports among the top 10 auto-making nations during the first six months of this year, the Korea Automobile Manufacturers' Association (KAMA) announced Thursday.

In production increase rate, Britain topped the list with 23.4 percent followed by Brazil with 21.5 percent and Spain with 20 percent.

Ranked No. 4, South Korea produced 1,134,000 vehicles between January and June, up 16.7 percent from 972,000 units in the same period last year, according to the KAMA.

In export growth rate, the United States came first with 29.1 percent followed by Spain with 25.9 percent and Italy with 22.5 percent.

South Korea was fourth with an increase rate of 22.4 percent, exporting 339,000 cars, the KAMA said.

* Proposed Revision of Fair Trade Law Reviewed

942C0224A Seoul SILMUL KYONGJE in Korean
14 Sep 94 pp 30-33

[By KIET senior researcher Kim Hui-su: "The Planned Revision of the Fair Trade Act: Its Outline and Points at Issue"]

[FBIS Translated Text]

Big business and the government differ sharply over the planned Fair Trade Act revision. The difference comes from a gap in perception over the intensity of regulation and the controversy over the concentration of economic power. The following is a review of the plan focusing on points at issue.

The government on 9 August released its revision plan of the Monopoly Control and Fair Trade Law (the Fair Trade Act) which it will present to the National Assembly for legislation. However, the government and conglomerates in the country are sharply divided over the plan.

The government plan lowers the limits on how much a firm can invest in other affiliated firms, while exempting infrastructure investments and industrial specialization investments from the controls. Recognizing that the excessive centralization of ownership and the expansion of business lines—like an octopus spreading its arms—is making business groups less competitive, the planned revision seeks to ease the centralization of ownership and encourage firms to specialize in their industry lines.

However, the 30 conglomerates, which are subject to the proposed new regulatory measures, are opposed to them. They contend that they fear it will inhibit their investment in related businesses and impair the stability of their management rights. Consequently, they assert that the plan will work to weaken the nation's economic strength.

The following study will take a look at the substance of the proposed revision, see where the two sides differ, compare their arguments, shed light on points that seem to need further debate, and try to show the direction of improvement for the government's big business policy.

Key Revision: Tightened Investment Controls

To begin with, the announced plan can be summed up as follows: First, regarding the ratio between the total investment of a group subsidiary in other group subsidiaries to the subsidiary's total assets (hereinafter called the investment ratio), the plan calls for the limit to be reduced to 25 percent from the current 40 percent over a three-year period. This change seeks chiefly to suppress a firm's excessive diversification into unrelated sectors. It reflects the government's intention to further tighten investment controls in view of the fact that the average number of subsidiaries of the 30 conglomerates and the number of their business lines continued to increase even after the control clause was first put into the Fair Trade Act in 1987. (As of April 1994, the average number of subsidiaries was 20.5 and the number of business lines 19.1.)

Second, the plan exempts from investment controls conglomerate subsidiaries that have decentralized ownership and exemplary financial structures. This exemption clause, incorporated for the first time, is introduced as an incentive for all conglomerates to quickly do away with the outdated style of management that is controlled by a few large stockholders and to decentralize ownership. The internal holdings of conglomerates gradually decreased from 56.2 percent (family holdings 15.1 percent) in 1987 to 42.7 percent (family holdings 9.7 percent) in April 1994. It is a fact that ownership that is concentrated in families in particular bestows the fruits of business activities chiefly on a handful of specified individuals, obstructing not only the equilibrium but also the efficiency of the whole economy and arresting development of popular capitalism.

A clear demonstration that the ownership structure centers around individual owners is the fact that conglomerates' public stock offers as of April 1994 was only 26.6 percent in terms of the number of companies and 56.8 percent in terms of capital.

Third, the plan, in keeping with the Private Capital Inducement Law, exempts from regulation investments in Category-I facilities, which are owned by the state, and investments of nonprincipal firms in the principal companies. The purpose is to attract conglomerate investment in the direction of infrastructure and the specialization of industry lines so as to increase national competitiveness.

Besides, the plan contains measures to raise the surcharge on acts of unfair trade, create a new surcharge on businesses that abuse their position to control markets, and rescind the report system currently applied to international technology contracts.

Blocking Diversification More Effective Than Decentralizing Ownership

If this plan is passed by the National Assembly, a priority task for enterprises is eliminating their excess investments. To that end, they are required to boost their net

assets by disposing of shares, offering stocks to the public or increasing paid-in capital. Also, when a revaluation of assets results in a gain in net worth, it lowers the investment ratio and helps solve the excess investment problem. Since the investment control was first introduced, 50 percent of excess investment has been eliminated through the disposal of shares and 50 percent through asset revaluation, indicating that the regulatory measure is not much help in inducing the opening of enterprises or increases in paid-in capital.

The average investment ratio of the 30 conglomerates was 26.8 percent as of April 1994, indicating that it would not be difficult for individual groups to bring their ratios down to the ceiling of 25 percent.

However, inasmuch as investment controls are applied to each group's subsidiaries, firms whose investments are considerably over the limit will face difficulties liquidating the excesses over a three-year period. According to business sources, firms with excess investments are mostly the mother companies or key principal firms of the groups, with the average investment ratio being 35 percent. Moreover, the assets revaluation process has not been working too well for them lately. In these circumstances, they may have to restrain even investments in related industry lines (or in the promising 21st-century lines such as information and communications) to meet the planned limits, they say. Most of the leading firms of the top-10 groups were established before the 1980's, and they continue to account for an overwhelmingly large share (90 percent) of the gross sales of their groups. This fact especially fuels arguments that it is contradictory to determine whether or not a company is overdiversified solely on the basis of the number of its subsidiaries.

However, the government responds that tightened control does not block investment in relevant businesses. Since infrastructure and industrial-specialization investments are exempt from controls, it says, investment reserves should be channeled into them.

At the same time, the government is hoping that if the conglomerates increase their infrastructure investments to help strengthen the nation's economic power, and if they promote the specialization of industry lines, it will spur the competitiveness of our industries.

Alternatively, the government says that if firms find it difficult liquidating their holdings in other firms, they could always eliminate the excess by increasing their net assets through public stock offers or increasing paid-in capital. Precisely for this reason, there is the possibility that tightened investment controls will not only restrain diversification but also accelerate the decentralization of ownership and induce improvements in financial structure. However, whether tightened controls will really induce decentralized ownership remains to be seen.

In fact, whether investment controls will achieve the desired ends and how many side effects they will produce

is still uncertain at the moment. However, the government's figures on the prospects of eliminating such investments [see table below] make one wonder if meeting the 25-percent limit will be as difficult as individual firms have been insisting it will be. The reason is that if the net assets and the gross investments continue to grow at the same rates as in the past several years, business groups would—after the three-year period—develop investment reserves even if the latest low growth rate in net assets growth were applied.

Nonetheless, enterprises would invariably have their reasons for opposing the planned limit—reasons which the government cannot specifically grasp. In short, for enterprises that are destined to change their industry lines in a manner consistent with the changing industrial structure, the plan's industry-line specialization is meaningless. Also, diversification into nonrelated industries could be part of specialization these days, as information and communications become merged with manufacturing and service industries. Therefore, before the National Assembly acts on the plan, the government should listen carefully to the cases of individual enterprises in order to draw on a consensus.

Ownership Decentralization Measure Also Opposed by Business

The business groups and the government differ over the decentralization of ownership measure, too. Enterprises abhor such decentralization because a decline in the holdings of large shareholders will very likely trigger hostile takeovers and mergers (especially such moves by foreign businesses following capital liberalization) and create a threat to management rights. The government refutes this, saying that because enterprises can hold shares in subsidiaries as well as their own shares to specified degrees, and because changes in share holdings (of 1 percent or more) are publicly posted, it is fully possible to protect management rights.

The general opinion, however, is that since the problem with centralized ownership is the concentration of wealth in a handful of individuals, it should be resolved through inheritance and gift taxes. As cases of business groups in Japan illustrate, the centralization of ownership in subsidiaries can be confined to the aspect of stabilizing management rights while professional managers actually effectively control business.

The government, while agreeing in theory to such rebuttals, seems to have determined that it takes a considerably long time to decentralize ownership through inheritance and gift taxes and that the current problem is too serious for that.

More Fundamental Approach Needed

Thus the announced revision plan has run into unprecedentedly strong opposition from business circles. It can

be said, therefore, that the plan reflects the government's strong will to curb the concentration of economic power. It is unreasonable to think, however, that the government was unable to solve the problem satisfactorily to date just because of weak control measures.

The concentration of economic power is a problem that has been caused by extremely complex political and economic factors. Moreover, enterprises can dodge control measures in many ways.

Consequently, controls are not the only way available to solve the problem. From this standpoint, it is regrettable that arguments over the plan are largely confined to whether or not it is mathematically practicable.

Even under the same capitalist market economy system, each country is bound to experience unique economic phenomena of its own. If each phenomenon is viewed as something that has developed indigenously during the process of business firms' adapting to the market environment in the most effective way, it would be considered appropriate that, with regard to the concentration of economic power, efforts should be made to trace its more fundamental causes and to seek a remedy for removing those causes. Ronald Coase, Nobel laureate in economics, explains that business organizations that emerge realistically are a result of enterprises' efforts to minimize transaction costs.

In other words, whether an enterprise should trade with another enterprise using a market transaction or should merge with it and trade internally is determined by the size of the market transaction costs.

The phenomenon of the concentration of economic power in our country can be attributed to the financial, labor, and management-rights markets that have remained underdeveloped since the initial days of the nation's economic development and to the nation's political uncertainty. If so, a basic solution to the problem should be found in the removal of factors hindering the development of each constituent market. Control is a supplementary means at best.

Major Points in the Fair Trade Act Revision Plan:

1. Limits on total investment:

- **CURRENT:** 40 percent of the firm's net assets. **PLAN:** 25 percent of net assets, three-year grace period. **PURPOSE:** to restrain diversification into unrelated business areas, improve financial structure by suppressing investments in other firms using borrowed funds, and to accelerate decentralization of ownership through public stock offers and increasing paid-in capital.

2. Measure to induce breakups of ownership:

- **CURRENT:** A uniform investment limit is applied to each subsidiary of the top 30 groups. **PLAN:** Firms

with decentralized ownership and exemplary financial structures are exempt from investment control measures (specific details being defined in an enforcement decree). PURPOSE: to induce ownership decentralization and improvement in financial structure in group subsidiaries.

3. Exceptions to the investment control clause:

- CURRENT: investments contributing to the nation's

competitiveness such as those for industrial foundations (limit: five years). PLAN: investments for Category-1 facilities in the Private Capital Inducement Law (limit: 10 years, with an additional 10-year extension possible); investments of nonprincipal firms in principal firms (limit: five years or less, which is only a matter to be handled in an enforcement decree). PURPOSE: to induce private capital, accelerate specialization in business lines.

Outlook for Investment Liquidations Following Increase in Net Assets (unit: 1 trillion won)

Division	1 Apr 94, actual (investment limit: 40 percent)	1 Apr 98, planned (investment limit: 25 percent)	
		Average 1987-1994 growth rate applied*	Average 1990-1994 growth rate applied*
Net assets	36.10	88.984	71.184
Investment limit	14.40	22.246	17.796
Total investment	9.683	18.021	15.90
Investment reserves	4.757	4.225	1.896

Source: Fair Trade Commission

*average 1987-1994 growth rates: net assets, 25.3 percent; total investment, 16.8 percent

*average 1990-1994 growth rates: net assets, 18.5 percent; total investment: 13.2 percent

Burma

UN Representative Yokota Arrives in Rangoon

BK1011060594 Rangoon TV Myanmar Network in
Burmese 1330 GMT 9 Nov 94

[FBIS Translated Text] Professor Yozo Yokota, representative of the United Nations Human Rights Commission, arrived at Yangon [Rangoon] International Airport in the evening on 7 November. Prof. Yokota is accompanied by members of his delegation—Mr. Quin Gazio and Miss Zami Hada.

Prof. Yozo Yokota and his delegation were welcomed at the airport by U Aye Lwin, director general of the International Organizations and Economic Affairs Department of the Foreign Ministry, and Mr. Douglas Gardner, deputy resident representative of the UNDP [UN Development Program].

In the evening, U Aye Lwin, director general of the International Organizations and Economic Affairs Department of the Foreign Ministry hosted a dinner in honor of Prof. Yokota in the Shwewar Hall of the Karaweik Hotel.

On 8 November, Prof. Yozo Yokota and his delegation visited the Shwedagon Pagoda in the morning and the Myanmar [Burma] Maternal and Childcare Association in the afternoon and met with the association's chairman, Dr. Daw Tin Tin Hmun, and executive members. At 1500, Prof. Yozo Yokota and his delegation called on Foreign Minister U Ohn Gyaw at the Foreign Ministry Annex.

Prof. Yozo Yokota and his delegation, accompanied by U Aye Lwin, directory general from the Foreign Ministry; and Thura U Thaug Lwin, managing director of the Myanmar Railways, left Yangon Airport in a helicopter this morning and visited Kalawgyi village in Ye Township and inspected the Ye-Tavoy railway construction and had a cordial meeting with villagers and public service personnel from three village-tracts, who are contributing labor for railway construction, and asked frank questions about the working conditions.

Prof. Yokota and his delegation arrived back in Yangon Airport in the evening.

Brunei, Malaysia & Singapore

Malaysia

Trade Minister 'Disgusted' With U.S. 'Rhetoric'

BK1011102894 Kuala Lumpur NEW STRAITS TIMES
in English 9 Nov 94 pp 1, 2

[FBIS Transcribed Text] Kuala Lumpur, Tues.—Malaysia will not pretend to agree to a free trade timetable for the Asia-Pacific region as it feels the

exercise is futile, International Trade and Industry Minister Datuk Sri Rafidah Aziz said today. This is because the Asia-Pacific Economic Co-operation (APEC) Charter stipulates that all decisions by the grouping are not binding.

"It's an exercise in futility.... Any nation may simply agree (on the trade liberalisation deadline) just to be nice. When the time comes they will not do it.... They are not even bound to implement the agreement. So why waste time?" she told reporters at her office here.

She likened the APEC free trade deadline proposal as "just a PR exercise" which might lead nowhere.

APEC Ministers, due to meet in Jakarta this week, are expected to discuss the recommendations by the Eminent Persons' Group (EPG) report that APEC be turned into a free trade area by the year 2020. A few countries, including Australia and the United States, have vigorously lobbied to get this endorsed by APEC. However, a few including Malaysia and China, are against the idea.

Rafidah said the case, however, was different with the Uruguay Round multilateral trade negotiations held under the aegis of the General Agreement on Tariffs and Trade (GATT) simply because GATT was an institution and the decisions were binding. Despite that, some major trading nations still failed to ratify the world accord agreed upon in Marrakech, Morocco, earlier this year.

Rafidah cited the case of the US and Japan as two strong proponents of global trade liberalisation under GATT but which had yet to ratify the accord.

"Here (is) a major global trader thinking domestic.... It's a weird turn of events," she added.

Asked if Malaysia was worried that Japan and the US had not ratified the Final Act of the Uruguay Round Agreement, Rafidah said: "We are not worried, we are simply disgusted." She added that during the Uruguay Round trade negotiations, the US gave the impression that they would be among the first to ratify the accord. "And yet now, they are still engaged in rhetoric."

Rafidah said Malaysia should not be considered delinquent for opposing turning APEC into a free trade area by 2020 as "we are entitled to our decision".

While reiterating that Malaysia fully supported global trade liberalisation, she added that "we remain firmly against a deadline and certainly not in the institutionalisation of APEC".

Asked if ASEAN had a common position with regard to the APEC free trade proposal, Rafidah said ASEAN had agreed during the Economic Ministers' Meeting in Chiang Mai, Thailand, in September that the EPG Report would only be used reference material in APEC.

The Ministers also agreed that there would be no need to reach a consensus on the matter.

To a question, she said Malaysia hoped some of APEC programmes such as the sharing of technology as well as research and development efforts among members would eventually be implemented.

Rafidah said Malaysia would host the next APEC meeting to be held in the ASEAN region in 1998.

Trade Deficit Recorded in First Eight Months

BK1011045594 Kuala Lumpur NEW STRAITS TIMES in English 8 Nov 94 p 16

[FBIS Transcribed Text] Malaysia suffered a trade deficit of RM [Malaysian ringgit] 1.3 billion in the first eight months of 1994 against a surplus of RM4 billion in the same period last year, the Statistics Department disclosed in Kuala Lumpur yesterday.

It said the deficit was caused largely by a higher growth in imports of 32.4 percent or by RM24.1 billion compared with the rise in exports of 24 percent or by RM18.9 billion.

Malaysia registered a deficit of RM648.2 million in August against surpluses of RM194.5 million in July, RM183.2 million in June, and RM198.5 million in May. The import of a liquefied natural gas carrier valued at RM806.4 million in August contributed to the deficit.

Imports in August jumped to RM14.2 billion from RM9.53 billion in August 1993, while exports rose to RM13.55 billion from RM10.09 billion in 1993.

Exports in January-August rose to RM97.3 billion from RM78.4 billion in the same period last year, but imports shot up 32.4 percent to RM98.5 billion from RM74.4 billion in the same period of 1993.

Thermionic valves and tubes and photocells remained Malaysia's leading export earner with receipts of RM15.6 billion or 16 percent of total export earnings in the first eight months this year.

Palm oil, with an export value of RM5 billion, was the second biggest revenue earner.

The major destinations of Malaysia's exports are the United States, which accounted for RM20.5 billion, Singapore RM20.4 billion, Japan RM11.7 billion, Hong Kong RM4.5 billion, Britain RM3.7 billion, and Thailand RM3.6 billion. Together these countries accounted for 66.2 percent of Malaysia's total export revenue in the period.

Machinery and transport equipment were the largest import component accounting for RM59.2 billion or 60 percent of total import expenditure.

Malaysia's imports were mainly sourced from countries like Japan with RM26.3 billion, the U.S. with RM16.3 billion, Singapore RM14.4 billion, Taiwan RM5 billion, Germany RM4 billion, and Britain RM3.4 billion.

Together these countries accounted for 70.4 percent of the total import value.

Malaysia's major trading partners are Japan, the U.S., Singapore, Taiwan, Germany, Britain, Hong Kong, Thailand, and South Korea which collectively accounted for 76.8 percent of the value of total trade.

Surpluses in trade were registered with Singapore amounting to RM6 billion, the U.S. RM4.2 billion, Hong Kong RM2.6 billion, Holland RM1.5 billion, Thailand RM1.2 billion, and China RM1.1 billion. However, deficits were incurred in trade with Japan at RM14.7 billion, Taiwan RM2.1 billion, Australia RM1.5 billion, Switzerland RM1.5 billion, France RM1.1 billion, and Italy RM811.5 million.

Cambodia

Khmer Rouge Denies Presence on Thai Territory

BK1011063694 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 9 Nov 94

["Denial by Democratic Kampuchea of Gareth Evans' Charge That It Is Staying on Thai Territory" dated 8 November; place not given—read by announcer]

[FBIS Translated Text] I. The man named Gareth Evans, who is foreign minister of Australia and a chieftain of the murderers who have conspired with communist Vietnam to continue igniting the war against the Cambodian people and race, is finding himself in anguish, seeing red, and snapping at other people like a mad dog. This chieftain of the murderers, in his confusion and irritation, has been endlessly hurling all kinds of accusations at Thailand.

II. Why is he in such a state?

1. It is because he is losing on every count in his attempt to continue the war in Cambodia.

2. He lost when, together with UNTAC [UN Transitional Authority in Cambodia] and the alliance, he indulged in cheating and deception while the Paris Accord was being implemented.

3. He also lost in the fixed elections that created the two-headed government.

4. Now he is also losing as he is tries to round up allies to give military aid and send military personnel to help the two-headed government inflame communist Vietnam's war.

For these reasons, he is confused and irritated like a mad dog snapping at people.

III. Democratic Kampuchea vehemently rejects the accusations by Gareth Evans and clearly affirms that Democratic Kampuchea and all its leaders, cadres, and

combatants are not in Thai territory. Democratic Kampuchea stays on its own soil everywhere throughout the country and, together with the people, is waging a tenacious struggle in the guerrilla and people's war to smash all types of aggressors, including communist Vietnam, the United States, France, and Australia, and the two-headed government; and deal one setback after another.

This has defeated and upset Gareth Evans, putting him in a state of confusion, irritation, and anguish; making him mad; and causing him to annoy other people. Gareth Evans should dip his head in cold water to restore his nerves and keep himself from being sent to an asylum.

8 November 1994
Democratic Kampuchea

Commentary Urges Foreign Assistance for Military

BK0911093394 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 8 Nov 94

[Commentary: "Poking at a Painless Wound"]

[FBIS Translated Text] REUTER has reported that Australian Foreign Minister Gareth Evans said on 23 October that the international community ought to increase its military assistance to Cambodia to oppose the Khmer Rouge rebels and prevent the region from facing a dangerous erosion of security. Gareth Evans, the architect of the Paris peace agreement, told reporters that the international community should help Cambodia organize its army into a competent, disciplined, and professional one to enable it to completely destroy or at least neutralize the Khmer Rouge rebels.

Foreign observers and our people nationwide consider this decision correct and appropriate given the situation in Cambodia. According to the Paris agreement, along with the legitimate government whose duty is to ensure peace, security, and national development, the signatory countries must continue to assist Cambodia and not abandon it following the election. Giving assistance to strengthen and consolidate the government's troops does not mean pushing this country back into war. It will instead provide comfort for peace and stability in Cambodia. Without moral and material assistance, the rebels are left with an opportunity to harass the government constantly. The Paris agreement would then be meaningless.

It should be recalled that the Khmer Rouge did not take part in the May election last year. The Khmer Rouge also did not let UNTAC [UN Transitional Authority in Cambodia] take control of the zone they occupy or gather and destroy their weapons as the other three parties did. Now these three parties have become political parties in the National Assembly. The three separate armed forces have been combined into a single army of

the Royal Government. Although the size of the combined armed forces is huge, their ability and the equipment they have to ensure security and defend the people are still limited. At the same time, the outlaw Khmer Rouge troops are still carrying out bandit-style activities to harass the government.

It is true that the Khmer Rouge have no ability to enlarge their territory. Assistance to the government could further restrict the ability of the Khmer Rouge and improve the situation in the region. In particular, the damage to the people's property and lives in rural areas could be stopped. This is a necessary and sufficient condition for the Royal Government to develop rural areas and improve the living standards of rural people.

For this reason, the decision by other countries to provide military assistance to Cambodia to expand the army's competence and transform it into a proper and efficient army is most correct. Now, as in the future, the Royal Government needs weapons to oppose the Khmer Rouge and also help to develop the country and fight poverty.

France Provides Aid to Agriculture Sector

BK0911105494 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 9 Nov 94 p 4

[FBIS Summary] The French Government, through the French Fund for Development, has provided 13.7 million francs to the Royal Government of Cambodia to develop the agriculture sector. This money will be spread over three years, from now until 3 June 1997, and will be used to set up a clear and unified agricultural policy and also to assist the agronomy sector, such as preparing agricultural documents. Keat Chhon, minister of economy and finance, signed the aid agreement with Hubert Dognin, director of the French Fund for Development, acting on behalf of the French Government, on 7 November in Phnom Penh.

Ranariddh Views Tasks of Foreign Ministry

BK0911141094 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 8 Nov 94

[Speech by First Prime Minister Norodom Ranariddh at a ceremony at the Ministry of Foreign Affairs and International Cooperation in Phnom Penh on 8 November—recorded]

[FBIS Translated Text] Your Excellencies the beloved deputy prime ministers, Prince Kromkhun, Excellencies, ladies and gentlemen: In the name of Second Prime Minister Samdech Hun Sen, in the name of the Royal Government of the Kingdom of Cambodia, and in my own name, I have the highest honor to preside over this ceremony to transfer the portfolio of minister of foreign affairs and international cooperation from the prince kromkhun to His Excellency [H.E.] Ing Huot.

Concerning this handover, as H.E. Ing Huot said just now, it is regrettable that Prince Kromkhun has resigned for health reason from the position of deputy prime minister and minister of foreign affairs and international cooperation. This handover is unrelated to the unity or solidarity within the Royal Government. It also has nothing to do with any improvement being needed, because under its correct and most astute leadership the Ministry of Foreign Affairs and International Cooperation of our Royal Government has moved forward and achieved successes recognized by the local and international communities.

On behalf of the entire Royal Government and on behalf of the samdech second prime minister, I would like to take this fine opportunity to express my sincere and most profound gratitude and admiration to the prince kromkhun for his highly successful leadership in his role as deputy prime minister and minister of foreign affairs and international cooperation. On the same occasion, I would also like to thank all the colleagues and their excellencies the state secretary and under state secretary for their assistance to the prince kromkhun in contributing to this success.

Just now, their excellencies the prince kromkhun and H.E. Ing Huot pointed out some successes in the international arena, such as at the United Nations. For the first time, our Cambodia was appointed vice chairman of the UN General Assembly. This was a success. Major problems are still before us, however, both now and in the future. Therefore, I would like to turn to H.E. Ing Huot, the colleagues, and the state secretary and under state secretary to make the following recommendations.

1. The ministry's tasks: The ministry should strive at all times to provide timely and sufficient information, particularly information on the clear policy of the Royal Government on major points relating to the national interest, current events, and the situation abroad as it relates to our national interest or the Kingdom of Cambodia. This information should be provided on a daily and weekly basis to Royal Cambodian embassies abroad. Providing information on a monthly basis seems a bit late, particularly in [words indistinct]. We do not yet have a diplomatic pouch service due to logistical problems. Efforts should be made to establish this diplomatic pouch service wherever we have ambassadors and embassies in major countries such as the United States, and in the future in New York, Paris, Tokyo, and so on.

On this issue, I think seminars or meetings should be held by calling our ambassadors home at least once or twice... [pauses] It should be twice a year. The meetings could be held anywhere. Ambassadors could be invited to come home or the minister, during his travels abroad, could call ambassadors in for a seminar or meeting. The best thing, however, is to call them home at least twice a year. A work program should be set up to provide timely information well in advance to avoid delays; absences; or misinterpretation by the host governments, public opinion, or the media.

During the recent hostage situation, I noticed a large discrepancy between the efforts of the Royal Government and the information provided by our embassies to the relevant governments as well as to the media and the victims' families. This is an example that shows our shortcomings in providing timely information.

We should respond to questions or suggestions by our ambassadors abroad. This is another issue the Ministry of Foreign Affairs must solve. We should prepare suggestions and answer questions from ambassadors accredited to our Kingdom of Cambodia. This does not mean that the prince kromkhun did not pay attention to this issue, but when he was out of the country there should have been an institution or a department head to do the job I just mentioned.

Another point we have to solve is to reduce bureaucracy as much as we can in each ministry, not just the Ministry of Foreign Affairs. In all the ministries, bureaucracy is a serious problem. Firm decisions are rarely made for fear of making a mistake. Questions are asked and consultations are held incessantly until it is too late.

I have talked about the directive on providing timely information to our ambassadors abroad. A concrete example concerning the situation in our country is the reform and reshuffle of the Royal Government. We should enable our ambassadors or embassies to answer questions from host governments, the public, and the media. For example, in the reshuffle of the Royal Government, the international community and the media focused only on H.E. Sam Rangsi. In fact, this reshuffle did not focus on any member of the Royal Government; it was a reshuffle with three major aims.

The first goal was to facilitate investment in the Kingdom of Cambodia, whether state or private investment.

While the role of the CDC—the Cambodian Development Council—is to manage the two kinds of investment, we have to coordinate the decisions between the CDC and a number of relevant ministries, particularly the Ministry of Economy and Finance and the Ministry of Trade. What we want to set up—and we have already done this—is to have what is called one-stop service. This means investment will be dealt with within the CDC framework. With the implementation of CDC decisions meeting with difficulties in all the ministries, particularly in major ones such as the Ministry of Economy and Finance, this basic plan called one-stop service could become useless.

The second goal of the reshuffle was aimed at coordinating, promoting, and improving work between two ministries we need the most; namely, the Agriculture Ministry and the Ministry of Rural Development. We have upgraded the State Secretariat of Rural Development into a ministry to enable these two ministries to serve the interests of our peasants, who represent over (70) percent of the people in the country. Foreigners did

prince kromkhun did when he took over the ministry from the Provisional Government.

I am not tired of repeating again and again that this change in ministers was coincidental. It takes place not as a result of any problem within the Foreign Ministry. The points that I raised earlier have nothing to do with this change; they are not the cause of this change at all. The transfer today is only coincidental. Therefore, the work in the Foreign Ministry must have continuity [preceding word in French]. There must be continuity in the Foreign Ministry, which I already explained just now, and continuity within the National Assembly. There must not be any more reshuffles because we are not even one year old, unless you include the tenure of the Provisional Government.

My recommendations are: First, all of you should give support and cooperation to H.E. the new minister; second, the new minister should consider all of you here as his best and most trusted colleagues. If we respect these two principles, I am confident that all of you in the Foreign Ministry will be able to carry on your sacred and most important mission in the service of our motherland and people and bring about great successes as achieved by the prince kromkhun before you. I firmly believe that the Foreign Ministry will be very successful in all its undertakings, especially the most difficult task of winning ASEAN membership. I wish the new minister success and happiness, even if only ephemeral. I wish all ladies and gentlemen success and happiness in the service of the motherland. The Royal Government will give you the same support as that given to the prince kromkhun by the two prime ministers in his mission within the framework of the Foreign Ministry.

I am most happy to hear that the prince kromkhun is ready to give you all the advice you need despite the fact that he has temporarily left the Foreign Ministry as part of his service to the nation under the most correct and enlightened leadership of our venerated and beloved king. Thank you.

Phnom Penh Troops Said Ready To Attack KR Base

BK0911080394 Bangkok BANGKOK POST in English 9 Nov 94 p 11

[FBIS Transcribed Text] Sisaket—About 2,000 Cambodian government troops backed by heavy artillery have taken up positions near a small village opposite Ban Dan in Kanthalak District of Thailand. The Cambodian government forces are only 20 kilometres from the ancient Khmer temple of Preah Vihear which the Khmer Rouge [KR] have turned into a stronghold.

A Thai military source at the border said the Cambodian forces are ready to launch an attack on Khmer Rouge troops guarding Preah Vihear.

The Khmer Rouge began to move their families to another village in preparation for an attack by government forces. The attack is expected to begin in December.

Indonesia

President Suharto Reaffirms Orderly Succession

BK1011114094 Jakarta THE JAKARTA POST in English 7 Nov 94 p 1

[FBIS Transcribed Text] Jakarta (JP)—President Suharto, currently in his sixth five-year term, reaffirmed over the weekend that Indonesia already has a well established mechanism for choosing its president based on the 1945 Constitution.

"The people should not worry too much and unnecessarily make much noise about the need for searching for a new president," Suharto was quoted as saying on Saturday.

The 73-year-old leader made the remarks, the second time he has mentioned the succession debate in less than two weeks, when he met with Suprpto, the chairman of the Central Advisory Board for the Propagation of Pancasila, and Alwi Dahlan, the board's deputy chairman at the Cendana residence. Pancasila is the state ideology. The succession mechanism is implemented through the general elections held every five years, which is fully in line with the Constitution, the President was quoted by Dahlan as saying.

Dahlan said Suharto was concerned that a group of young people seemed not to understand the 1945 Constitution fully. Dahlan quoted Suharto as saying, "They hold the misperception that Indonesia always maintains the status quo by electing the same president every five years."

He said the President deplored the erroneous notion among those young people who think that because the leadership post has been consistently filled by one man there has not been a change in Indonesia.

In fact, there has always been a change brought about by the general elections every five years, as reflected in the new Broad Guidelines of State Policies, Suharto was further quoted by Dahlan as explaining.

Indonesia's general elections, held every five years since the early 1970s, select members of the House of Representatives and the People's Consultative Assembly.

The People's Consultative Assembly, which included the House members, meets every five years to formulate the Broad Guidelines of State Policies and to elect a president. The country's five year development plans, currently in the sixth of the series, are drawn up based on the Broad Guidelines of State Policies.

Quoting Suharto, Dahlan further said that within the Indonesian political system it is the Broad Guidelines State Policies that are changed. Only then, will a president be elected to execute the state policy guidelines.

Suharto said the mechanism calls for the formulation of the state policy guidelines first, and then the election of the person best qualified to execute those guidelines.

"I am only executing what the People's Consultative Assembly has mandated for me," Suharto further explained.

Given the misunderstanding and lack of knowledge about the Constitution and Pancasila, President Suharto saw it as even more imperative than ever before to step up the understanding and implementation of Pancasila.

Asked why Suharto considered it necessary to reaffirm what he had stated as recently as October 28, Dahlan said the President always keeps himself apprised of the views circulating in society and he seemed to detect some misunderstanding and misperceptions still prevalent about the succession of the national leadership.

Suprpto added that in view of the misperception, the propagation of Pancasila would emphasize the promotion of knowledge and understanding about the proper implementation of the Constitution.

* Minimum Wages To Increase in April 1995

95SE0007A Jakarta KOMPAS in Indonesian
10 Sep 94 p 2

[FBIS Translated Text] Jakarta, KOMPAS—On 1 April 1995 the regional minimum wage (UMR) will be simultaneously increased throughout Indonesia. In the future an increase in the minimum wage will be reviewed each year in accordance with the KFM (Minimum Physical Need) standard in the various areas of the country.

This was stated by Doctor Suwanto, director general of the Office of Industrial Relations Developments and Manpower Supervision (BINAWAS), at the Discussion on Manpower and Working Conditions held in Jakarta on 9 September.

In 1994 a new regional minimum wage entered into effect on 1 January. A total of 16 provinces have raised their respective regional minimum wages, with the average increase ranging between 15 and 50 percent. Indeed, two provinces instituted a new regional minimum wage before 1 January 1994. The Jakarta Capital Area raised the regional minimum wage from 3,000 to 3,800 rupiahs per day, while the regional minimum wage in West Java was raised from 2,600 to 3,000 rupiahs per day.

In August 1994 nine other provinces raised their regional minimum wages: Aceh, from 2,600 to 3,150 rupiahs per day; North Sumatera, from 3,100 to 3,750 rupiahs per day; South Sumatera, from 2,300 to 3,000 rupiahs per day; Jambi, from 2,400 to 3,000 rupiahs per day; Lampung, from 2,450 to 3,000 rupiahs per day; West Kalimantan, from 2,250 to 3,000 rupiahs per day; East Nusa Tenggara, from 2,100 to 2,500 rupiahs per day; Maluku, from 2,300 to 3,100 rupiahs per day; and Irian Jaya, from 3,500 to 4,500 rupiahs per day.

Doctor Suwanto stated that the increase in the minimum regional wage throughout Indonesia now meets 97 percent of the minimum physical requirement [KFM] in the

respective provinces. In 1995 it is hoped that the minimum regional wage will be 107 percent of the minimum physical requirement in the various provinces. After that the minimum regional wage in every province will be reviewed each year to ensure that it meets the minimum physical requirement in the province involved. Doctor Suwanto said: "This is an effort by the government to improve the welfare of the workers throughout Indonesia."

He said that at present in Indonesia about 40 million workers out of about 76 million workers in the present work force have working arrangements which vary with the size of the company they work for. These are "daily paid workers" in about 151,000 companies engaged in a number of business sectors.

Doctor Suwanto said that the increase in the minimum regional wage, which is regulated by a decision of the minister of manpower, is an effort by the government to provide work security through improving the level of welfare of the workers, which is one of the elements of government policy. The work security involved concerns dynamic conditions affecting labor relations in which there is harmonious interaction and communication between workers and employers.

The basic principle of the minimum wage which is regulated by the government is to provide a security net so that the wages of the workers will not fall to a very low level. Furthermore, this policy is also intended to increase the purchasing power of low-paid workers so that, in turn, it will be possible to narrow economic differences between those with high and low incomes.

The KFM (Minimum Physical Requirements) is calculated by first determining how many calories a worker requires to live a healthy life and be able to work well. For example, take the consumption standard of 2,600 calories per day. This requirement will differ for each worker, depending on whether the work which he performs is heavy or light. By calculating the minimum physical requirements in this way it is possible to know or to calculate the nutritional requirements of the worker and his family. This total is then calculated and stated in monetary terms and is called the KFM.

Meanwhile, the KHM (Minimum Living Requirements) is a refinement of the KFM [Minimum Physical Requirements], in accordance with the increase in living requirements. The calculation of the KHM results in a figure about 20 percent higher than the KFM.

The director general added that in the manpower sector at present there are still several points of tension. Among other things, these are caused by the level of education of the workers, which is still relatively low. As a result, the workers have a high emotional level. Furthermore, there are still rather wide economic and social differences between workers with low salaries and workers with relatively high incomes.

Another source of tension results from an increase in the workers' needs and a growing awareness of their rights as

a result of international influences or the tendency toward economic globalization. In addition, there is the growth or development of new industrial areas, which promote the emergence of a number of sources of tension, because they are accompanied by a high level of solidarity among the workers.

Suwarto added that all of these sources of tension must be considered seriously, both by the government as well as by those who employ the workers, to ensure that the rights and duties of all groups are respected. Subsequently, if there is a dispute, an effort must be made as far as possible to resolve them as well as can be accomplished, so that strikes or lockouts do not need to take place.

* Comments on Labor Wages System Noted

95SE0007B Jakarta KOMPAS in Indonesian
12 Sep 94 p 2

[FBIS Translated Text] Jakarta, KOMPAS—The SPSI (All Indonesian Workers Union) has welcomed the government's effort to improve the welfare of the workers by increasing the UMR (Regional Minimum Wage) standard, which will be raised simultaneously throughout the country on 1 April 1995. The SPSI considers that this is a positive step in developing the wage scale for the workers. Furthermore, the UMR will be reviewed each year in terms of the KFM (Minimum Physical Needs) standard in the various provinces. In this way the wage system for the workers will enter a new phase during the Second Long Term Development Era, which is now in effect.

This was stated by Dr. H. Bonner Pasaribu, secretary general of the Central Executive Council of the SPSI, to a KOMPAS representative at the office of the Central Executive Council of the SPSI in Jakarta on 10 September. Moreover, according to Pasaribu, in the future the regional minimum wage will not only be coordinated with the KFM standard. It will have to be raised in coordination with the KHM [Minimum Living Needs] standard, to reflect an increase in the needs and standard of living of the workers. The calculation of the KHM will produce a figure about 20 percent higher than the KFM standard, because it includes several other components of living needs, reflecting an increase in the quality of life of the workers and their families.

Pasaribu said that during the First Long Term Development Era, which covered the past 25 years, labor, which is cheap in Indonesia, was a comparative advantage which played a major role in stimulating national economic development. As we enter the Second Long-Term Development Era, which began with the inauguration of the Sixth Five-Year Development Plan, Indonesia must reform its manpower policy. Indonesia must begin with a new pattern which maximizes labor productivity and the competitiveness of the Indonesian economy as comparative advantages. He said: "Now is the right time for Indonesia to establish a national system of workers

wages. At the same time we should prevent the manpower sector from becoming a latent source of social and political tensions which can create social and political costs."

According to Pasaribu, this new system which must be developed during the Sixth Five-Year Development Plan, involves industrial harmony based on democratization, integration, and justice.

He said that the dimensions of democratization are broadening, not only Pancasila [Five Principles of the Nation] Democracy in the political, economic, and social areas, but also a new form of industrial democracy which is clearly needed by the industrial community, especially in the field of labor. We very much need a higher level of integration of the workers which can be turned into an invulnerable bargaining position in economic processes and industrial relationships. Meanwhile, justice involves the increased strength of human rights as well as the status of the workers, so that they will be protected from becoming objects of political domination, economic exploitation, and tyranny.

He also stated that the development of a national standard of wages for the workers in accordance with the new system referred to above has two objectives. First, to prevent "economic brutality" from occurring, in which employers become economic animals who treat the workers in an inhuman way. Secondly, to prevent radicalism from developing among the workers which would subsequently cause unrest.

Asked whether there are still conditions in the field which could create a dilemma, that is, companies which might go bankrupt if they have to pay wages according to the UMR [Regional Minimum Wages] standard, he foresaw two possibilities:

First, it is possible that a company in fact might not be able to pay wages to the workers in accordance with the UMR standard because the company might still be small and might only have been established recently. It must be able to compete so that it can continue to live and develop.

The second possibility is that mistakes may be made in the management of the company which later on are presented as reasons why it cannot pay wages to the workers in accordance with the UMR standard. The company management might then express a veiled "threat" that it would be forced to close its doors if it was required to pay the workers under the UMR standard. In such a situation the interests of the workers may suffer out of their desire to keep their jobs and ensure the stability of the company.

Pasaribu emphasized that the company should be able to hold down a number of costs which tend to cause inefficiency. For example, an inefficient allocation of resources, waste, errors, and hidden costs, such as "invisible costs" and "collusion costs", as well as a variety of

other charges which lead to high economic costs. He said: "If hidden costs like this reach 20 percent of production costs, they might be held down and reduced by treating them as supplementary wages for the workers. In this way the welfare of the workers can be raised."

He said that if such a situation is not immediately taken in hand, the Indonesian economy may suffer great difficulties in meeting increasingly tight competition and the challenges of globalization. At the same time an increase in the welfare of the workers would encounter obstacles.

Philippines

Ramos Comments on Clinton Visit, APEC Meeting

BK0911132094 Quezon City PTV-4 Television Network in English 0813 GMT 9 Nov 94

[Weekly news conference by President Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live]

[FBIS Transcribed Excerpt] [Passage omitted] [Ramos] May I also mention what we consider to be the important aspects of the visit of U.S. President William Bill Jefferson Clinton.

First of all, we seek to reinforce our present bilateral relations which are based on a mature relationship, built on trade rather than military security.

Secondly, we see this as an important opportunity to show the Philippines—with its democratic system—as the ideal gateway to Asia and the Pacific, especially for our neighbors on the Pacific rim.

The Philippines is the only country in our region with commercial, historical, cultural, and even political connections with the United States.

And third, we see the visit as a confirmation of the new confidence of Americans in the Philippines as evidenced by the increasing number of U.S. companies which have opened, or which have expanded their Philippine operations.

Next, we want to let our distinguished visitor appreciate the quality and the value of our human resources, considering that we are the only Christian country in Asia. We have among the highest levels of literacy, and in terms of percentages, perhaps one of the biggest college-based young people.

This is also the first time in 19 years that a U.S. President visits the Philippines.

And of course, the visit will provide us all an opportunity to reaffirm our commitment to the maintenance of peace, prosperity, and democracy in the Asia-Pacific region.

Of course, we shall continue our dialogues when we all gather in Jakarta on the 14th and the 15th of November.

[Correspondent Mr. Sam Paso of the INSTITUTIONAL INVESTOR] Your Honor, question of economic foreign policy. ASEAN will be expanded next year to seven to include Vietnam. Do you think it should be expanded to include Australia, New Zealand as well? Prime Minister Keating this early proposing joining CER [Closer Economic Relations] with AFTA [ASEAN Free Trade Area]. [sentence as heard]

[Ramos] We're only looking now at Vietnam which has applied for membership and has gone through the necessary process for accession to ASEAN. Some members of ASEAN including the Philippines are also looking at what is known as ASEAN plus four, and that means Vietnam, Laos, Cambodia, plus Myanmar [Burma]. And some are also looking at what is called SEA-10, or Southeast Asia 10. Meaning again, the six countries in ASEAN, plus four—Laos, Cambodia, Vietnam, plus Myanmar.

[Paso] What about Australia and New Zealand?

[Ramos] We work on consensus in ASEAN.

While you are thinking of the next question, may I just insert this announcement.

During my meetings with President Bill Clinton, we expect to discuss a matter in which both countries are deeply interested, namely the question of the environmental problems in the former bases of Clark and Subic. And in this connection, we are happy that substantial cooperation is being extended by the U.S. Government which has already provided us with basic assessments of the situation in both places.

And so we hope that these discussions and joint studies will be elevated to a higher level after the visit of President Clinton.

[Unidentified correspondent] Good afternoon, Mr. President. The Republicans are now leading in the U.S. Congressional elections, Mr. President. So what do you think are the implications on the Philippines of a Republican victory in the U.S. Congress?

[Ramos] That is really an internal matter to the United States. But we have no doubt that under the administration of President Clinton—regardless of whether there is, or there is not a Republican majority in Congress—that the mature relationship that I mentioned earlier based on sovereign partnership, and trade not aid, on economic cooperation not military alliance, will continue.

Of course, we expect that our security relationships will also be discussed between President Clinton and myself because we have a Philippine-U.S. Mutual Defense Treaty. And whether or not there is a majority or minority of this or that party in the U.S. Congress that we will continue to enjoy the confidence of the U.S. Government and the American people in the Philippines.

not know, or did not want to know, about this issue. It is the Foreign Ministry's job to provide concrete information on the real significance of the Royal Government reshuffle.

The third goal was to promote tourism development. We have upgraded the State Secretariat for Tourism into a ministry as well as the State Secretariat for the Environment. We have also upgraded another state secretariat into a ministry, that of culture. Why? Because in promoting tourism development in the Kingdom of Cambodia we have seen the bitter experiences of neighboring countries. We want to promote tourism development, but this should be done with respect for two environments—the natural environment managed by the Environment Ministry and the cultural environment managed by the Culture Ministry.

These were the major goals of the Royal Government reshuffle. These were not understood by others due to a lack of explanation about the Royal Government's concrete stance. This is the job and duty of the Ministry of Foreign Affairs and International Cooperation.

We should direct our ambassadors abroad to establish relations with economic or trade establishments, such as the chambers of commerce in each country, and widely disseminate our country's investment law, which is recognized as the most favorable in the world.

Here is another example. French investors went to the chamber of commerce in Paris and inquired about investment in Vietnam. They received all kinds of documents. There were none on Cambodia, though. The French were perplexed. As for the Cambodians, they are already perplexed. This is another thing we must solve. We want to implement great and lofty policies but we do not have the means to do so. This is a great problem. We do not have the means to serve our policy. This is a point that I must now raise. We should have a chamber of commerce soon and have contact with chambers of commerce the world over, particularly where we have embassies, to provide sufficient documents to investors and companies that want to invest in our Kingdom of Cambodia.

Our ambassadors abroad should be directed to strive to attract tourists to our country by clearly explaining to tourists the security problem, not the insecurity problem; the full security in our Kingdom. Here is a concrete example. There was an incident in Phnum Voar. This place has become our great misfortune; it is almost more well known than the Angkor Wat temples. In fact, Phnum Voar is insignificant. The security issue should be immediately explained. There is no security problem in tourist sites such as Phnom Penh, Angkor Wat, or Sihanoukville. There are no murders, rapes, or bodily harm compared with Los Angeles. Just in (?Beverly Hills) there have been many murders already; in New York, Paris, and every place. This is another task for our embassies in every country. Along with this we should cooperate or have an office in each embassy representing

the CDC and the Ministry of Tourism. There should be an office in each embassy to disseminate information to tourists who want to visit our country.

As I have just said, again and again the perception has been that the Foreign Ministry is useless and spends the most money. This is because the cost of living abroad is more expensive than in our country; therefore, a large budget had to be allocated to ambassadors. So it is the ministry that spends the most and is the most useless. This perception has to change completely. The Foreign Ministry not only explains the political stance of the Royal Government but also finds income for our country.

As the prince kromkhun is aware, when our first prime minister meets with a foreign prime minister, policy is no longer discussed [words indistinct]; only investment and trade relations are discussed. These are the only things that are discussed. Another matter should also be discussed; that is, cooperation with other states. This should be continued and discussed; for example, with international organizations such as the World Bank, the Asian Development Bank, and so on.

On this issue, I know that the prince kromkhun has experts around him. The new goal, however—not a new goal but another of our goals—is to get others to sponsor officials from all departments of the Foreign Ministry, particularly in the Protocol Department, to enable as many of them as possible to learn from abroad, and so on. [passage indistinct]

My recommendation is that efforts must be made in order to impress upon the personnel of all ministries, particularly the Ministry of Foreign Affairs and International Cooperation, they must get rid of old habits. After the handover ceremony, they must not rely only on their former ministers. They must stop turning toward them; to the right. I do not mean that they are all rightists, but old habits die hard. Forgive me, but stop doing that.

Concerning the relationship between our Kingdom of Cambodia and foreign countries, especially the members of ASEAN, as already mentioned just now by the prince kromkhun, one of the major fundamentals of our Kingdom's foreign policy is unity with ASEAN, which we aim to join as a member. The Foreign Ministry must carry on the work, such as the signing of the Bali Treaty of Amity and Cooperation, to see how it is progressing. Your Highness should introduce the new minister to the work that is being done so he can follow up on it; for example, by inviting ASEAN's secretary general to visit our Kingdom 7-12 December. Concerning ASEAN, you should all understand that it does not suffice for us to have \$1 million ready for our dues. We will have to host meetings because there more than 200 of them annually; something like 213 or 214 in all. Therefore, we must be fairly well equipped to handle all of that. In the past, we only needed to be politically proficient. Now we must be physically capable with a sufficient number of qualified

personnel and technicians to cope with all the requirements of a new ASEAN member. We must create new departments together with the old and so on and so forth.

Concerning relations between the Kingdom of Cambodia and other countries, they must stand on specific pillars, such as the bonds of friendship, peace, and cooperation as well as mutual respect. In this connection, we usually believe that only neighboring countries intervene in our affairs. The truth is that distant countries have also done so. Many countries, which I am not going to mention by name, have interfered. Even when we were drafting our laws, they ordered us to do this or that. I only wonder why they would do that after the international community spent as much as \$3 billion to turn our kingdom into a fully independent and sovereign country. Why have they interfered in our affairs; in the work of our National Assembly? This is an observation that the prince kromkhun and Your Excellency have just made: We must follow the correct leadership of his majesty the king. The king leads us not only on the path of national reconciliation that he has shown us, but also in the spirit of national independence, the sovereignty of our nation, and respect for our territorial integrity. This is the basis of respect for the neutrality of the Kingdom of Cambodia as stipulated by the Constitution.

There are things for us to do; for example, we must talk with Thailand and then Vietnam about the so-called zone of exploitation [preceding three words in English] or offshore exploration. Before we hold talks with them we must tell them that we agree in principle, but if we agree in principle we must also ask them to answer as to whether in principle they too agree with the zone of exploitation. Do we know and do they know on which level, in which zone this so-called zone of exploitation really is? They must know it, but do we really know it?

For this reason, I ask the Ministry of Foreign Affairs to set up a task force [preceding two words in English] and the Council of Ministers' Office represented here to prepare a subdecree creating this task force with the foreign minister as its chairman and its members to be selected. This task force has as its main duty to prepare all the necessary documents concerning the provincial borders and territorial waters of our Kingdom of Cambodia. We must get expert jurists; we must get foreign expertise to help run it. We must not hesitate to spend \$2 million, \$4 million, or even \$5 million on these experts. We must not be afraid to ask the UNDP [UN Development Program] for these funds or spend it from our own pockets to get these expert jurists on international law.

Like it or not, we must register with the United Nations in accordance with the Barcelona Convention on the Law of the Sea [preceding eight words in French] a document on the territorial waters and seas of the Kingdom of Cambodia. We must do that because we are obligated by a provision of this convention. Let others complain about us later, but first we must register the document on our territorial seas in time. This concerns

only our territorial land and seas. The airspace above the land and water borders has nothing to do with it.

This is the greatest priority for the Foreign Ministry. Otherwise, we will be criticized for failing to serve the essential needs of the Kingdom of Cambodia. H.E. Pu Sothirakhas urged me to go and finalize the deal. I said: OK, of course, agreed. We must have a clear idea about this zone of contention, though. If we are unclear I do not dare go. Why? The minister of the interior and the minister of national defense are not here, but let me ask you this: Are we certain that foreign countries have encroached 200 to 300 meters into our territory? Can we be certain of that? If we are, then we will chase them out. I guarantee that the Khmer Royal Armed Forces are capable of carrying out this task, but the jurists must first clearly tell me where the historic border of Cambodia lies. Moreover, if we call for talks and we lose in these talks, we will lose not just for our own lifetime but also for the lifetimes of future generations. For this reason, it is not fair for the press and H.E. Samdech Son Sann to keep raising this problem incessantly. Of course you can speak up and write about it. God created tongues to wag and fingers to write, but if we are not careful in practice it may pose a serious danger to the future of our motherland. This does not mean that all of us are indifferent to this problem of lost territory. I want the ministries and compatriots to clearly understand this issue.

We have few problems when it comes to our land territory, but we have a lot of problems concerning our territorial waters. Therefore, we must not rush. Certainly we must hurry in some cases where pumping has already started, but we still must proceed cautiously because this issue is very important to our country at this juncture.

Concerning our immediate neighbors—Vietnam, Laos, and Thailand—it has already been demonstrated that we want good relations with them. It is of no use to turn neighboring countries into enemies. Some people have said that the Royal Government is facing internal problems—the Khmer Rouge, splits in the Royal Government, and splits inside each party—and now it is making enemies of its neighboring countries. We must take this opportunity to clarify that the Kingdom of Cambodia's foreign policy has been clearly spelled out as follows: First, neutrality; second, nonalignment; third, compromise with neighboring countries; and fourth, aim for ASEAN membership. All of this is in line with the status of a neutral and nonaligned country.

Therefore, our foreign policy has its fundamental objectives. We must clearly inform our neighbors that respect for mutual interests and noninterference in each country's internal affairs are two real tenets to which Cambodia has closely adhered. Tell them that Cambodia does not want to interfere in any country's affairs nor does it want any country to interfere in its own affairs. If we do not respect this fundamental position, we cannot talk

about any compromise, improvement, consolidation, or expansion of friendship between the Kingdom of Cambodia and its neighbors.

For example, Thailand is now full of internal problems. Have we ever commented on that? To be frank, we do not give a damn. When there is the tiniest trouble in our country, however, Thailand immediately jumps on it. Even the head of a small department in the Thai Foreign Ministry does not hesitate to comment about Cambodia's deputy prime minister and minister of national defense. Let us not spare any more words about this problem. If we want to strengthen and expand relations, we must respect one another. Have we ever talked about bigshots doing anything in Vietnam, Thailand, Myanmar [Burma], and so on? No, never.

So the Foreign Ministry should make this point very clear about noninterference in another country's internal affairs. We have embassies in many countries. This is a stance from which we must never deviate. With Vietnam, we are beginning to have problems now, including with the immigration law, the closure of the border, and the suspension of relations as a reaction to the law and in order to pressure the Royal Government to solve it.

We have our goals and fundamental objectives as well as access to international lines of communication. I have just mentioned the Royal Government's policy within the framework of the Nonaligned Movement, and we have a special political stance toward Great China and Korea. I would like to inform the new minister and all excellencies that the foreign policy of the Royal Government under the aegis of his majesty the king calls for our greatest attention and caution regarding relations between our country and this group of countries; namely, ASEAN. We need not elaborate any further.

Because we have agreed to set up a technical commission within the ASEAN framework, however, we should find out whether any ASEAN country would accept our people for training about its mechanism. Because this mechanism is very complex, in your opinion how many years—one year or two years—will it take us to learn it? Do you say one and a half to two years? It seems a long time to most of us, but in reality one and a half to two years goes by very fast. We will not have enough time to set up this commission. I urge the whole Royal Government represented here to make use of conferences as learning opportunities. I understand that Japan will help us; I do not have a firm commitment from Germany. I think that we must attract these conferences. For example, there is a small conference of the French-speaking community. We might for it to be held in our country so that we can learn from it. It was recently held in Mauritius. Do you know that Mauritius has a smaller French-speaking population than we do? After the conference ended, the Mauritian prime minister became the chairman of the community of French-speaking countries. He did not bid farewell to his guests because he had

to rush to Cyprus for a Commonwealth conference there. Mauritius is member of both the French-speaking community and the Commonwealth. This is called smartness and shrewdness. Mauritius made a large profit from that. France paid for everything. The police motorcycles that H.E. Yu Hokkri and H.E. Sar Kheng bought with cash would surely be given to us free by France if we hosted a Francophone conference here. France also gave Mauritius 20-30 Satran Renault saloon cars for guests. And he rushed to a Commonwealth conference before it ended! He speaks French with an accent. I can speak it more fluently than he does.

We are not as smart, though. If we were, we would attract the community of French-speaking countries to hold a conference here. If they want to have fun, let them have fun for a week or so. Once they leave, we will have the cars, motorcycles, buildings, and so on left to us. Anyway, let us not talk too much about this. Otherwise, when we ask them to come they will not come. They will say we only want their motorcycles, Satran cars, and buildings. What I mean is that we should have plans.

Let me tell you another thing. No one wants to go and have a meeting in Bangkok anymore because of the traffic jams, the [word indistinct], air pollution—at first I wanted to add AIDS to the list, but as we are not too far behind the Thais in this area let us skip it—[words indistinct], and so on. We should take advantage of the general fear of Bangkok to have them meet in Cambodia; in Phnom Penh. Look at the calendar of the Geneva conferences. See what we can attract to our country. For example, can we bring to this country the Preliminary Conference [preceding two words repeated in French] to be held in Hanoi? Look into it to see if there is any possibility there.

The ultimate problems.. [pauses] In our Cambodian language we have no s to indicate that a noun is plural, but here I say problems with an s; in Malay, they repeat a word to make it plural, but you cannot repeat the word problem 100 times if you have 100 problems to deal with. So our problems are with our resources. We want to have as many embassies as possible, but we do not have enough personnel, human resources, or money. If we take a look at the 1995 national budget we will see that there are few possibilities for increasing the allotment to the Foreign Ministry. Therefore, what remains to be done is to promote and exploit our existing properties and resources. We already have a commission to handle that. Why wait? Why not begin the deal and quickly wrap it up? Where are we now as far as our properties in Bangkok, Tokyo, and Singapore are concerned? Our land in Tokyo alone could feed the whole Kingdom in place of the national budget for at least two years. It is more than enough to finance a ministry just like the Foreign Ministry.

We must strengthen the implementation of the national union policy among the ministries; among their representatives. I understand that H.E. Sar Kheng and H.E. Yu Hokkri will bear witness to the fact that in the future

our Royal Government will be improved. If it is not necessary, with the exception of some important ministries such as the Defense Ministry or the Interior Ministry, in the future we will not need to have a minister from FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and a state secretary from the People's Party [CPP] and so on. One day this practice of having co-ministers will come to an end except for the important ministries; the two ministries cited above under current circumstances.

From now on, we must strengthen and rearrange our work so that it will be more active. I would like to express my admiration for the prince kromkhun for helping to orchestrate the cadres of the ministry regardless of their affiliation. He does not give any importance to partisanship. On the contrary, he has solved many problems concerning the reconciliation and work coordination among those from different parties.

In particular, I take this opportunity to say that the prince has been too enthusiastic about national reconciliation. He saw that he could make us in FUNCINPEC reconcile with the CPP, but not with Democratic Kampuchea. Let us put it straight—the kind of reconciliation that he was after was tripartite or quadripartite. Reconciling with the CPP is possible, but reconciling with the Khmer Rouge is impossible. I still do not understand this. The national reconciliation issue should be thoroughly grasped by the Foreign Ministry by now. It is an important political stance. We have already clearly outlined it. The national reconciliation policy already has a definite framework. Why not try to achieve reconciliation within this framework? Anything outside this framework is unacceptable to the people, the National Assembly, the Royal Government, and the international community. Therefore, why insist?

His majesty the king in his advice on national reconciliation has not affirmed that reconciliation should be made with the Khmer Rouge by sharing power with them. Let me ask you: Has his majesty mentioned it anywhere at any time? Never. His Majesty has only said that we should talk to one another. Again and again he stresses that he respects the Constitution because he swore before the throne that he would respect it. Therefore, the national reconciliation process should be achieved within the constitutional framework. Stop gain-saying his majesty the king. Have pity and stop interpreting the king's advice according to one's personal needs. We have the frameworks of the Constitution, the National Assembly, the Royal Government, and the Kingdom under his majesty the king. Anything outside these frameworks is unacceptable. All utterances must be made with principle, within the acceptable frameworks, legally and within the legal boundary. Otherwise, there can be no peace.

I have already pointed out that another thing to do is to continue improving the professional acumen and cultural standards of our civil servants, particularly diplomats. We are not alone; other countries must also train

their diplomats on how to receive guests, how to sit, how to blow their noses—with all my apologies. They train people how to use knives and forks. Once, his majesty graciously taught us how to behave—to use forks and spoons, to drink, and so on. He once wrote a sign in French saying: It is not necessary to gargle! [laughter] When you drink, do not make any sound. This is because a diplomat represents our nation.

Another point concerning the upgrading of our diplomats is that to become a diplomat today, knowing only Cambodian is not sufficient. Knowing only English is not enough, nor is knowing only French without knowing English. You must know at least three languages—the national language, French, and English. The selection of ambassadors and diplomatic personnel must be rigorous. It is possible for an ambassador to have one or two diplomatic counselors, one from FUNCINPEC and another from the CPP. But the best selection is based on quality, capacity, and knowledge. This is the most important criterion that the Foreign Ministry should use as a yardstick for selection.

I will not protest; I will accept being criticized by FUNCINPEC if I do not choose a FUNCINPEC candidate who does not have diplomatic qualifications to serve the nation abroad, for this might cause other countries to deride our motherland and race.

We must continue to seek modern communications equipment or computer networks for the ministry. Once this system is set up in the ministry, we will link it with our embassies abroad.

Finally, we will reorganize the payscale and the pension system for our diplomats [words indistinct]. The living standards in Indonesia, Bangkok, and China are different. For example, if we compare the payscale in China during the time of Sangkum Reas Niyum with what is now we will see a big difference. As a result, our embassy cannot live adequately; our ambassador cannot live adequately. He needs an adequate living standard because he represents the nation. He only requires a moderate standard of living, not a high one. Besides, [words indistinct] for personal contacts especially with [words indistinct]. This also requires large expenditures. The allotment for public relations is bigger than the budget to run the embassy. Therefore, the Foreign Ministry—which represents the nation abroad—must have a sufficient budget for public relations.

[Words indistinct] the prince kromkhun said just now that all the ladies and gentlemen should give their close and sincere cooperation to the new minister and their new colleagues. He also asked the new minister not to follow the same practice as that used in the United States, where a Republican newcomer would lay off all the incumbent staff in all departments. A change in leadership policy requires changes, of course, but stability is needed within the administration. We must avoid [words indistinct]. H.E. the minister must be the rallying force and must retain qualified personnel as the

Third, military establishments must reach out to its counterparts in our Asia-Pacific region to seek further opportunity for security and cooperation as a confidence-building measure as a positive step toward enhancing regional stability. We have taken purposeful steps in each direction with the establishment of joint commissions and even defense cooperation agreements with our neighbors. Defense interactions and exchanges must be expanded and deepened particularly within ASEAN and the larger area of Asia-Pacific.

Fourth, the defense sector must broaden its expertise for conflict-management, mediation and resolution to extend its expertise to reinforce the rule of law. It is a basic mandate for the joint mandate for the DND [Department of National Defense]/AFP.

Finally for its official, officer, enlisted personnel and rank and file employee, the individual challenge is a call of duty to perform our assigned jobs efficiently and with integrity according to our sworn oath of public service. In this regard, I convey the highest commendations of our government and people to the model employees whom we have just honored. [passage omitted]

General Views Streamlining of Marines in 1995

BK1011050994 Manila BUSINESS WORLD in English 7 Nov 94 p 16

[FBIS Transcribed Excerpt] [passage omitted] In another development, Marines chief Brig. Gen. Guillermo Ruiz said his command will be streamlined next year as part of the AFPs [Armed Forces of the Philippines] modernization.

In a speech during the 44th anniversary of the Philippine Marines (PM) Saturday night, he said "We welcome the inevitable organizational streamlining of AFP units for indeed we believe the real strength of a unit is not in the number of personnel but rather in the quality of its men."

The PM was one of the units said to be responsible for the significant decline of terrorism in the south, particularly in Jolo, Basilan, Tawi-Tawi, Cotabato, Lanao and Maguindanao.

At the same time, Mr. Enrile [chief of staff] congratulated the PM for "a very fruitful" year particularly on matters concerning peace and order in the south.

In his speech, the chief of staff also stressed that violence is not the way to solve the problems in Mindanao.

"The eventual resolution of the armed conflict in our country, the armed forces as a whole must continue to be responsive to the interests and demands of the nation...the insurgency situation is now much more manageable and we foresee its steady dissipation," he said.

Abu Sayyaf Chief Sighted in Basilan, Mindanao

BK1011050494 Manila PHILIPPINE DAILY INQUIRER in English 7 Nov 94 p 7

[FBIS Transcribed Text] Abu Sayyaf chieftain Abubakar Abdurajik Janjalani has reportedly returned to Basilan with

about 40 men, mostly relatives, trying to revive the Muslim extremist movement, military intelligence reports said.

Col. Ponciano Millena, commander of the 2nd Marine Brigade based in Basilan, said Janjalani was also reportedly stepping up efforts to recruit new members. But Gen. Arturo Enrile, Armed Forces chief of staff refused to confirm the reports, saying Camp Aguinaldo was still verifying them.

"I'm not denying the reports right away. Let's put it this way. We still have to confirm," Enrile told reporters.

Millena said Janjalani's activities in the hinterlands of Basilan were being monitored by intelligence agents.

Asked why the military has not arrested Janjalani when it can monitor the rebel's day-to-day activities, Millena said: "You cannot do that right away. It's difficult. He has many relatives surrounding him." Millena said the presence of many relatives of the Abu Sayyaf leader and members in the area have jeopardized military operations against them because of their tendency to hide the rebels and mislead military men.

The military high command has declared that the Abu Sayyaf neutralized following two major operations against the extremist group in Sulu and Basilan. Armed Forces officials, however, do not discount the possibility that its remnants may regroup and recruit new members.

Earlier reports said the Abu Sayyaf has been recruiting public elementary and high school students in Basilan to replace those killed in the military operations.

Another report reaching the Southern Command headquarters in Zamboanga City last week said that the extremists were also harassing public school teachers and education officials in at least three towns in the province. It said the Abu Sayyaf based in Basilan is now led by Munting Sali, brother of Barahama Sali, former leader of an MNLF [Moro National Liberation Front] Lost Command. The same report said that district supervisors had received extortion letters demanding "revolutionary taxes" from public school teachers.

In West Sumisip town, the Abu Sayyaf has been threatening to kidnap government teachers unless they pay P [Philippine pesos] 25,000 in "taxes." An education official also said the group was demanding the payment of P20,000, which was the balance of the amount promised in exchange for the freedom of some 20 teachers kidnapped last June.

Other towns under watch for extortion activities included Maluso and Lamitan. Military authorities also tear ambushes from the group in the Maligue, Calvario and Kapatagan areas in Isabela, Basilan.

Thailand

Editorial Analyzes Outcome of U.S. Elections

BK1011075394 Bangkok THE NATION in English 10 Nov 94 p A6

[Editorial: "If Republicans Don't Deliver, They'll Be Kicked Out Too"]

[FBIS Transcribed Text] It couldn't have come at a worse time for US President Bill Clinton. As he prepares to leave for Indonesia this weekend, representing the world's most important industrial democracy at the leaders' summit of the Asia-Pacific Economic Cooperation (Apec) nations at Bogor, the US president has been dealt with a crippling blow.

American voters in midterm polls on Tuesday registered their loss of confidence in Clinton's Democrat-led administration. The opposition Republicans won a majority in the Senate and were poised to control the House of Representatives for the first time since 1954. This could clearly mean that the Clinton administration might be paralyzed for the next two years.

New York Senator Alfonse D'Amanio, one of the president's most persistent Whitewater critics, is poised to become chairman of the Senate Banking Committee. That would enable him to evoke the powers of a congressional subpoena to pry into the Arkansas investment controversy dogging the Clinton White House.

Arch-conservative Senator Jesse Helms from South Carolina, who is better known for his domestic agenda which includes fierce opposition to social programmes such as affirmative action, would take over as chairman of the Senate Foreign Relations Committee.

The previously Democrat-dominated Senate Foreign Relations Committee offered some hope at least to the oppressed in repressive regimes. For instance in September 1993, the committee passed an amendment to the foreign bill linking US arms sales to Indonesia to an improvement in its human rights record in East Timor.

The amendment proposed by Senator Russ Feingold, a Democrat from Wisconsin, set down seven basic criteria; that the US president examine whether those civilians arrested in the Dili massacre have been treated fairly; whether Jakarta is taking steps to curb further human rights violations in East Timor; whether those still missing from the Dili massacre have been accounted for; whether humanitarian aid and human rights group have been granted expanded access to East Timor; whether Jakarta decreases military pressure in East Timor; and whether Indonesia is cooperating in the UN-sponsored talks with Portugal. The Feingold Amendment represents the toughest US action against Jakarta since the Indonesian invasion of East Timor in 1975. In August that year, because of a strong protest from the Senate, Washington threatened to withdraw Indonesia's trade privileges under the Generalized System of Preferences (GSP), unless Jakarta overhauled its grossly discriminatory labour practices.

To expect the Senate Foreign Relations Committee to now come up with similar amendments or legislation to address human rights abuses in the post-Cold War world, is asking a too much. What can the oppressed hope for now from a US Senate that is dominated by Republicans with a narrow and parochial view of human rights?

Two years ago, the US economy began to gather steam and a year ago, Washington signed trade agreements ensuring a more prosperous future with Canada, Mexico and the rest of the world. Now, Democrats who had a role in producing such change are being shown the door and are being replaced by Republicans who appear to be sending the message that the United States would be better placed withdrawing from Nafta and other trade forums, than competing in an open international economy.

From the results of Tuesday's US elections one can't help but ask whether Americans are losing their sense of direction.

The Cold War years, during which ideological differences were played up to depict the Soviets as tyrants, made Americans forget about their domestic predicaments.

Reganomics stipulated expanding government spending and the budget deficit soared to record levels, giving birth to an urban subproletariat that has been unable to find jobs or achieve a decent standard of living.

The Clinton administration, however, was ushered in during a new era, when ideology had crumbled and Americans were confronting harsh domestic realities that were staring straight at their faces.

Sadly, bread and butter issues mattered more than foreign policy successes or the championing of human rights for the oppressed in distant lands.

The worst that could happen is for Clinton to backtrack on his policy of promoting democracy and human rights through free trade, and concentrating his energies instead on domestic struggles.

A reversal at the Apec leaders' summit in Bogor will signal a victory for authoritarian governments.

After Tuesday, one thing is certain in the United States. The American people are sick of politics as usual in Washington, and by 1996 if changes are not forthcoming, the Republicans could be kicked out too.

Paper Prints Clarification to Article on U.S.

Bangkok THE NATION in English on 10 November on page B1 publishes the following clarification which pertains to the article published on page 95 of the 9 November East Asia DAILY REPORT titled "Official Views Plans to Amend Treaty With U.S.":

"The US Embassy spokesman yesterday denied press reports that Washington has agreed to the Thai proposal to amend the bilateral Treaty of Amity which grants special privileges to American businesses conducting trade in Thailand. Asked whether the issue will be a subject of talk between the Thai government and US Secretary of State Warren Christopher on Nov 16, the spokesman said, 'We believe the Thai government understands the importance the US attaches to the

treaty.' Furthermore, US Ambassador David Lambertson did not meet Deputy Prime Minister Dr Suphachai Phanitchaphak as reported yesterday. He only met Suphachai's adviser Dr Tirana Phongmakphat and the ambassador's quote in the story was incorrect. THE NATION apologize for the errors."

Australian Envoy Summoned Over KR Allegation.

BK1011053894 Bangkok Radio Thailand Network in Thai 1200 GMT 9 Nov 94

[FBIS Translated Text] Sarasin Wiraphon, director general of the America and South Pacific Department, reported that the Australian ambassador to Thailand had been summoned for a meeting at the Foreign Ministry yesterday. Sarasin said he expressed concern on behalf of the foreign minister and the Foreign Ministry regarding an interview given by Australian Foreign Minister Gareth Evans and a statement to the Australian Parliament by Australian Prime Minister Paul Keating. The accusations against Thailand are unfair and could affect the good relations between Thailand and Australia.

The director general of the America and South Pacific Department reaffirmed Thailand's recognition of and support for the Government of the Kingdom of Cambodia, not the Khmer Rouge [KR]. The Thai Government, he said, had issued orders to official units about the banning of Khmer Rouge leaders entering Thailand. Government agencies have been instructed to check the bank accounts of these leaders, as requested by the Cambodian Government. In this regard, information from the Cambodian Government would be useful to Thailand.

The Thai prime minister and foreign minister expressed their willingness to meet with the Australian prime minister and foreign minister when they attend the APEC conference in Jakarta so as to be able to give Australia a better understanding of the situation.

Supreme Command Official Denies Aid for KR

BK1011080894 Bangkok Radio Thailand Network in Thai 0530 GMT 10 Nov 94

[FBIS Translated Text] Denying the Australian foreign minister's accusations against Thailand on the support for the Khmer Rouge [KR], Vice Admiral Kraichit Sirisombat, director of the Supreme Command Information Office, said the Thai armed forces have strictly abided by the government's policy of supporting the elected Cambodian Government. The armed forces have never interfered in the internal affairs of Cambodia nor extended any help to the Khmer Rouge. The Australian accusations are groundless and unfair to Thailand and has negatively affected the armed forces and national security. If Australia can produce any evidence, the armed forces will take disciplinary action against any military personnel found to be involved in supporting the Khmer Rouge.

Vice Admiral Kraichit said that the armed forces categorically deny the accusations made by Australia. Despite of the accusations, Thailand and Australia are friends and have been so for a long time. It is the duty of the Foreign Ministry to disprove the charges. The armed forces will not get involved and will strictly abide by the government policy.

[Hong Kong AFP in English at 0638 GMT on 10 Nov in a Canberra dateline report adds the following: "Defence Minister Robert Ray told parliament that Australia could not tolerate General Nuon Pet's eluding justice as he was responsible for the 'brutal execution of an Australian citizen.'"

"Australian Prime Minister Paul Keating has said he will raise the issue with Thai Prime Minister Chuan Likphai at the Asia Pacific Economic Cooperation forum summit in Indonesia next week. Ray told parliament of the 'horror that all Australians would feel if that general who was responsible for that brutal execution of an Australian citizen was able to find refuge across the border. The general's escape from Cambodian forces 'would be something we couldn't live with,' he said.

"The defence minister said Australia was not 'in any form accusing the Thai government of giving aid and succour to the Khmer Rouge.' He said he realised the rugged border area and trading links made it difficult to track the guerrillas.

"What we are asking them to do where they can is to redouble their efforts to prevent any individuals giving any particular assistance." Ray made the comments after a Green senator called for a ban on exports of Australian-manufactured Steyr rifles to Thailand in case they find their way to the Khmer Rouge. Australian Defence Industries (ADI) has proposed the sale of 100 million Australian dollars (75 million US) worth of small arms to the Thai military.

"In response to the ban proposal, Ray said, 'I have absolute confidence that if an Australian firm was to win an export order that none of those arms would be on sold to the Khmer Rouge.' He added that ADI had not yet applied to export weapons to Thailand."]

Burmese Students Said Spying for Australians

BK1011132994 Bangkok PHUCHATKAN in Thai 10 Nov 94 p 14

[FBIS Translated Text] According to a report from a Thai intelligence agency, the Australian ambassador to Thailand has received a letter from the Australian Parliament inquiring about human rights violations along the Thai-Burmese border by Thai and Burmese authorities. Female Burmese students and young girls are reportedly sexually abused and forced to work as prostitutes.

Worse still, young Burmese boys and students who are arrested on charges of illegal entry are reportedly being

sent to work as forced laborers in the fishing industry along the coastal areas. The Australian Embassy was also instructed to keep a close watch on the Thai Government's indifference in dealing with displaced Burmese students, as well as other inappropriate activities which can be regarded as human rights violations.

The report reveals that the Australian Embassy has recruited Burmese students who fled to Thailand to engage in political activities against the Burmese Government to work as spies. The Burmese students sell information to the embassy and receive financial support for their political maneuvers against the Burmese Government in Thailand.

Burmese student leaders act as coordinators between the embassy and the student spies. The two sides concluded a work contract in early October.

This spying activity of the Australian Embassy is destructive to Thailand's image in the eyes of the world and constitutes a shameful act of interference in the internal affairs of Thailand.

Ex-MP Suspected of Harboring Sin Song Surrenders

BK0911065694 Bangkok Thai Color Television Channel 9 in Thai 0500 GMT 9 Nov 94

[FBIS Translated Text] Police Lieutenant Colonel Adun Bunset surrendered to police at the Immigration Office at 1000 this morning. Pol. Lt. Col. Adun Bunset, former MP [Member of Parliament] of the New Aspiration Party, whom police have issued an arrest warrant against for smuggling illegal aliens into the kingdom and providing them shelter, surrendered to Police Lieutenant General Kiattisak Praphawat, commander of the Immigration Office. He was accompanied by his lawyer Chinda Kunlawanit. Adun is now being investigated by police.

The lawyer said the police charge was based on a claim by suspected illegal aliens and unclear evidence. He said he has gathered evidence to defend Adun in the lawsuit and believes the court will give justice to Adun. At the same time, a bank account book with 200,000 baht has been prepared for a bail request.

'Innocence' in Cambodian Coup Saga Detailed

BK0811134294 Bangkok THAI RAT in Thai 8 Nov 94 p 3

[Editorial: "The Options for the Thai Government"]

[FBIS Translated Text] The abortive coup in Cambodia has sent out strong repercussions about the Thai Government and its policies. The episode began with the endeavors of the Thai Government to secure the release of the 14 Thai nationals who were allegedly involved in the coup attempt, and included the arrest of General Sin Song and his four colleagues on charges of illegal entry into the country.

The case of the 14 Thai nationals was over after the suspended prison sentences handed out by the Cambodian military court and their subsequent release. The problem now focuses on what the Thai Government will do with Gen Sin Song and his colleagues after they have been convicted and given suspended jail sentences and fines.

The Thai Government has always reaffirmed that it had nothing to do with the abortive coup attempt against the elected Cambodian Government, but cannot state if any individual Thai nationals were involved in the event or not. The arrest of Gen Sin Song and his colleagues is concrete evidence to prove Thailand's innocence.

Considering the ruling of the Cambodian military court and the arrest of Gen Sin Song, it is probable that some Thai nationals, including government officials and their spouses, were involved in the 2 July abortive coup attempt and the operation to arrange the illegal entry into the country of the Cambodian coup plotters.

At this moment, the Thai Government can tell the Cambodian Government and the world that it had nothing to do with the political crisis in Cambodia. The immediate problem for the Thai Government is the handling of Gen Sin Song and his followers—whether they should be repatriated as requested by the Cambodian Government or sent to a third country.

The Thai Government has chosen the right option when Prime Minister Chuan Likphai, as a lawyer, announced that the handling of the Cambodian coup plotters will be made in accordance with Thai and international laws as well as the principle of human rights, stressing that the latter will not be repatriated to face death sentences. The option left for the government is to send them to take refuge in a third country. It is good news that France has agreed to provide political asylum to them.

Sending Gen Sin Song and his colleagues to France should not cause any problems to Thai-Cambodian relations. The Cambodian Government must understand that Thailand has done its best in handling the matter. Thai and international laws do not permit repatriation of culprits if it involves political offenses or the safety of the repatriated, or if the two countries concerned have not signed an agreement on prisoner extradition.

Clarification of Cambodian Coup Involvement Urged

BK0811103494 Bangkok KRUNGTHIEP THURAKIT in Thai 8 Nov 94 p 2

[Editorial: "Repeated Lesson From Cambodia—'Sin Song' to 'Paul Keating'"]

[FBIS Translated Text] If the government of Prime Minister Chuan Likphai decides to allow General Sin Song and his colleagues to take political asylum in a third country in compliance with the principles of human rights and international practice, it will be condemned

[Correspondent] Thank you, sir.

[Correspondent Elly] Sir, press reports out of Washington say that the United States is counting again for a base somewhere here in the region. Will you agree to hosting the bases again if asked?

[Ramos] I have not seen such requests and proposals on the part of the U.S. Government. And this could all be speculation right now. But I think it is much too early after the non-extension of the U.S. military bases agreement with the Philippines to be talking about the hosting again in the Philippines of military bases by any country. And as of this moment, it's not an issue. [passage omitted]

[Unidentified correspondent] Good afternoon, sir.

[Ramos] Good afternoon.

[Correspondent] Sir, follow-up on the bases issue. Sir, the three influential ASEAN-member countries have rejected a new basing agreement with the United States. But I'm sure you will be discussing security issues with Mr. Clinton, and possibly with other APEC [Asia-Pacific Economic Cooperation]-member nations. Do we have a new proposal, or are we supporting the other ASEAN countries in rejecting a new U.S. base in the region?

[Ramos] Our ASEAN Regional Forum is the framework within which we discuss defense cooperation and security issues among ASEAN countries and our so-called dialogue partners. And that will remain as the framework where other countries are involved. Now, between the Philippines and the United States, we do have an existing U.S.-Philippine MDT, or Mutual Defense Treaty. But let us not talk about bases.

[Unidentified correspondent] Sir, will you support the position of Thailand, Malaysia, and Indonesia that there should be no bases in this region?

[Ramos] I do not know what is their position because those are only coming out in media reports and, therefore, they are unofficial. So again, as I said, we haven't seen any official proposal here either.

[Unidentified correspondent] Since Mr. Mahathir was quoted already last, this week....

[Ramos, interrupting] I'm sorry, I have not seen that report. [passage omitted]

[Unidentified correspondent] How would you respond to criticisms that the Philippines or you are making too much of an ado or too much fuss about the visit?

[Ramos] Well, we are just reporting preparations. You are the ones observing this and reporting and writing stories about it. And so maybe that shows that you are very efficient [laughter] and also shows that we are very hospitable.

[Correspondent] Thank you, sir.

[Correspondent Ellen] Sir, among APEC countries there are labor-hosting countries as well as labor-exporting countries. The Philippines being a major labor supplier, do you find it an appropriate venue to raise the issue of labor migration during the meeting?

[Ramos] Yes, we have already instructed our senior officials who have gone ahead. I am also instructing our ministers who will be going ahead of me, and that includes Foreign Affairs Secretary Roberto Romulo and also Trade Secretary Rizalino Navarro to bring up the matter of human development which is the broad subject title where migrant workers, overseas contract workers come under. And we have manifested that concern on the part of the Philippines to the Secretariat which is collating all of these comments preparatory to the preparation of the discussion papers for the APEC meeting.

Yes, definitely we should express these concerns. And you will recall also that the Philippines has offered to host a UN-sponsored international conference on migrant workers and their rights. And you will recall that this was one of the products of the Cairo conference last September, and we stand ready here to not only to host but also to spearhead such an international conference.

[Correspondent Linda] Sir, good afternoon. Just a follow-up to that. What exactly are our concerns about overseas workers that we would wish to raise before the APEC?

[Ramos] Well, first of all, the recognition by all in this APEC, which is Asia-Pacific Economic Cooperation, that there cannot be much economic progress. There could in fact be lack of economic cooperation if one of the most important components of a product, one of the most important economic inputs—if not the most important—which is labor, which is the human skill that goes into the product, is not properly attended to.

Now, I said this is part of the total topic of human development because there are also social concerns involved here, although we normally would not talk too much about social development in APEC because that belongs in another forum. But the separation of father and mother for instance, where, especially where the mother is the one that goes overseas and the father is the one that has to remain at home and babysit and wash the laundry and attend to the kitchen. You know, these are problems that are real, and we would like to minimize these.

Now, in that connection we find an opportunity to get our ministers to talk very sincerely and seriously about solving the problem of the lack of grievance mechanisms, the lack of access to their (?needs), the lack of identification cards accepted by the host government, et cetera. And I have instructed Secretary Romulo to talk to his counterpart from Malaysia because they will be meeting on Friday, the day after tomorrow, about two days ahead of the main meeting of the leaders.

[Linda] Sir, just a follow-up. This will be discussed in the senior officials and the ministerial level. Would you be willing to raise it with the leaders themselves especially?

[Ramos] I have even recommended that the aspect of human development be included in the so-called mission statement or final joint communique of the leaders summit.

[Linda] Thank you, sir. [passage omitted]

[Correspondent Fred Lobo] Good afternoon, Mr. President. First, our congratulations that if the United States has a White House, the Philippines has now a white palace.

In relation to that Mr. President, what treaties are you really planning to sign with President Kim and President Clinton?

[Ramos] It is not the two presidents that will sign this, but the two ministers for foreign affairs. In this case, Secretary Romulo and Secretary of State Christopher, that is the extradition treaty. At the same time, there is a mutual legal assistance agreement that will be signed as a subsidiary or component of the extradition treaty which will allow both governments to freely exchange information about justice matters.

[Lobo] How about with President Kim, Mr. President?

[Ramos] There are three I think. Again, it will be the ministers that will be doing the signing—one on tourism, one on investment guarantees, and the third on the rejection of nuclear proliferation for non-peaceful uses. [passage omitted]

'Media Hype' Over Clinton Visit Criticized

BK1011071294 Manila THE SUNDAY CHRONICLE
in English 6 Nov 94 p 6

[Article by Daniel Agoncillo: "Still a U.S. Colony After 48 Years"]

[FBIS Transcribed Excerpt] Grand plans are afoot for the 22-hour visit to the Philippines of Bill Clinton, president of the world's most powerful nation, in an event billed as a sign of the continuing strength of U.S.-Philippine relations. [passage omitted]

The visit also comes amid reports the U.S. military wants to station weapons, ammunition and other supplies aboard six transport ships to be anchored in Philippine waters. The offer, initially made to Thailand, is now reportedly being studied by Philippine defense officials with a view to striking a deal that is mutually beneficial to both countries.

But journalist and historian Renato Constantino, a former Philippine diplomat to the United Nations, believes the reported offer has already been essentially accepted two years ago, during the 6 November 1992 meeting of the RP-U.S. [Republic of the Philippines]

Mutual Defense Board [MDB] following the Senate rejection of the new RP-U.S. bases treaty.

He adds that the meaning of the whole affair is being blown out of proportion.

"It is just a side visit," Constantino says. "It does not merit the attention now being accorded to it by the government and media."

"The media hype over this incidental visit has no parallel to the way the Middle East countries, for example, treated Clinton's recent visit there," Constantino notes.

"This is only a reflection of the fact that we are still very much a U.S. colony that gets excited over a side visit by the Big White Godfather from America," he adds. "The visit merely reaffirms already existing security arrangements between the United States and the Philippines."

Access Arrangements

The United States, Constantino says, maintains its military presence here through new and secret access agreements between the U.S. and Philippine military forces, in line with the 1951 U.S.-RP Mutual Defense Treaty.

"This is a weak point in the anti-bases movement which lobbied for the rejection of the new RP-U.S. bases treaty," Constantino says. "In the heat of the struggle against the bases treaty and the jubilation surrounding its rejection, the movement neglected the mutual defense pact and its implications. Around three to four anti-treaty senators were aware of this but failed to do anything to stop it."

The agreements, forged between U.S. Admiral Charles Larson, commander of the U.S. Asia-Pacific fleet, and then Armed Forces Chief General Lisandro Abadia at the last meeting of the RP-U.S. Mutual Defense Board in 6 November 1992, gives U.S. warships and aircraft access to all Philippine ports, airports, and other key infrastructures. Specific deals on this are done through military-to-military channels, to avoid public debate on the issue.

Though no specific provision calls for such access arrangements, U.S. Admiral Charles Larson, commander of the U.S. Asia-Pacific fleet, read this into the Mutual Defense Treaty when he said: "We anticipate ship visits, aircraft transits, small unit exercises.... We simply hope to continue the exercise, the exchange of information, training, logistical cooperation, and coordination (with the Philippine military)."

At the meeting, Foreign Affairs Secretary Roberto Romulo provided the Aquino Government view on the matter when he said: "This meeting marks the starting point of a fresh and soon to become international agreement between our two countries since military-to-military interactions are essential if we are to lay the

groundwork for a comprehensive system of regional security in the Pacific area."

Romulo reiterated this point in a speech in New York last September where he said American military presence was necessary for stability in the Asia-Pacific region.

"This reinforces the post-Cold War viewpoint that the United States, now the only existing superpower, is the world's police dog," Constantino notes. "But why should the United States be present and act as arbiter for conflicts, if any, among Asian nations? Why not allow these nations to resolve their conflicts by themselves?"

Senators Wigberto Tanada and Orlando Mercado, who also attended the meeting, questioned the access arrangements, saying these were a violation of the Philippine Constitution. The Constitution forbids foreign military presence on Philippine soil unless provided for in a treaty ratified by the Senate. But nothing came of this. To this day, the access arrangements remain.

For Love of Money

Constantino says the new U.S. military strategy of maintaining access agreements actually aims to cut down on the economic and political expense of maintaining permanent bases in the post-Cold War period. It also aims to protect billions of dollars worth of U.S. profits from trade and investment arrangements in Asia.

This was confirmed by Larson himself, who at that crucial MDB meeting, said: "Americans know that for our economy to prosper, for our people to prosper, we must have access to trade and markets and the resources of Asia."

Romulo was quoted at that meeting as saying U.S. trade in Asia was worth \$310 billion and U.S. investments in the region, \$62 billion.

Thomas Friedman, senior reporter of the NEW YORK TIMES, provides more background on the reasons behind continuing U.S. military presence in Asia when in a 28 June 1992 article, he quoted a senior Pentagon official as saying: "We are protecting those countries and they owe us. Don't think it does not come up in our trade negotiations. It gives us leverage. The Japanese know we are protecting their investments in Korea, Taiwan and all over Asia, and that gets their attention when we ask them for money."

The Pentagon official adds: "For years we had an understanding with Taiwan that if an American company's bid came within 10 percent of a Japanese bid, we could get the contracts. They would tell us: 'The Japanese make it better, but you're protecting us.'"

A Symbol of Gluttony

"The Corregidor visit, in particular, aims to project the United States and Philippines as natural allies and

dramatize U.S. interest in maintaining its military presence in the region," Constantino says.

"Corregidor will be used as a symbol of U.S.-Philippine partnership in World War II, a justification for its continuing military presence here. It will be made to appear that the United States is a staunch ally and defender of the Philippines, a view that has no historical basis whatsoever." [passage omitted]

For Love of Dollars

Why the government and media hype over the event?

"The Philippine Government is trying to take advantage of the Clinton visit to lure more U.S. investors here," Constantino says. "This they will do by projecting the country favorably in the United States through the foreign media covering Clinton."

"But Clinton is just passing through. I doubt if there is enough time to forge any new agreements since these have been made long ago."

"Assuming eating and sleeping takes eight hours, he will have only 14 hours to get anything done. That is not enough time for him and President Ramos to forge anything new."

"Besides, it is U.S. big business that decides whether to invest here on the basis of a higher return on investment, and not the U.S. President."

Commenting on the Ramos Government's "trade, not aid policy" with the United States, Constantino says American policy on exportable Philippine commodities like coconut oil and canned goods are decided by the lobbies of various U.S. agricultural interest groups.

"The United States protects its soya bean producers against coconut oil exports from the Philippines. It is also strict about Philippine canned goods because of their high sugar content. The lobby of U.S. sugar beet producers makes sure of that."

"If the president really wants profitable trade with the United States, he shouldn't be talking with Clinton," he adds.

Reading U.S. Motives

Some Filipinos tend to view the Clinton visit and other seemingly friendly U.S. overtures as signs of the generosity and magnanimity of a former colonial master. But in the cold light of reality, such views may not hold much water.

War hero MacArthur intimated as much when, in a letter to the U.S. State Department in September 1944, he said he would return to the Philippines "to restore the economy of life as it existed before the war."

What followed was the Bell Trade Act, Parity Amendment and Laurel-Langley Agreement, which reset the stage for the exploitation by U.S. firms of Philippine

wealth. In addition, the United States forced the Philippines to give up \$8 billion in war claims from Japan, which it feared would start another war against it if not helped back on its feet.

Former U.S. State Secretary John Foster Dulles reinforced this point when he said: "The United States doesn't have friends. It only has interests."

Senators Not To Allow U.S. Warships Entry

BK1011115694 Manila THE MANILA CHRONICLE in English 8 Nov 94 p 7

[Report by Cathay Canares and Eric Garafil]

[FBIS Transcribed Text] Senators will not move to amend the Constitution just so an American vessel carrying weapons and ammunition can enter Philippine territory. Senate Foreign Relations Committee Chairman Blas Ople and Senator Vicente Sotto III both believe that any constitutional amendment per se would be premature.

"We should not amend the Constitution just because our treaty partners think we should do so. We just made a decision (rejecting a new bases treaty) in 1991 and it may be too early to change that decision," Ople said.

Sotto added that it is "not timely and proper" to change the law now. "Probably in the next ten years, ngayon masyado pang bata ang Constitution para galawin dahil 1987 pa lang 'yan, eh [it is still too early to amend the Constitution because it was ratified in 1987]. Let's give it a chance."

Former National Democratic Front leader Satur Ocampo said the United States proposal to use the country as a transit point of U.S. warships following the rejection of the Military Bases Agreement two years ago will create a new debate on the issue of constitutionality.

Ocampo said the U.S. proposal, in time with arrival of President Bill Clinton on 12 November, will definitely create furor and stir another debate regarding its constitutionality.

The proposal came after a military source confirmed the inclusion of transit of ships to the country as part of the RP [Republic of the Philippines]-U.S. Acquisition and Cross-training Agreement (ACSA).

The source, a senior military officer, said that it is inevitable for the Philippine Government to reject the proposal considering that it [ACSA] will benefit the country most. Under the plan, the country will receive a \$2 billion compensation under the ACSA.

Ramos Defines Military Role in World Order

BK0911074494 Quezon City Radio Filipinas in English 0230 GMT 9 Nov 94

[Speech by President Fidel V. Ramos during the 55th anniversary celebration of the Department of National Defense in Camp Aguinaldo, Quezon City on 8 November—recorded]

[FBIS Transcribed Excerpt] [passage omitted] The new game is now called economic competition and a new quality that people seek is economic competitiveness and no longer military superiority. The end of the Cold War, in fact, was accelerated by people's uprising to overthrow dictatorships in many lands. Indeed the model for most of these new regime of freedom the world over is what our own People Power Revolution of February 1986 started at this very spot, this historic place of Camp Aguinaldo.

There is increasing regional economic cooperation. We can cite in this respect the ASEAN Free Trade Area or AFTA for Southeast Asia, the North American Free Trade Agreement or NAFTA in the North American hemisphere and the European Union or EU in Western Europe. Sub-economic regionalism has in turned expanded economic globalization.

The General Agreement on Tariff and Trades, GATT, and the emerging World Trade organization or WTO, now define the principal structures and mechanism of this new global order. But this new relationships, structures and mechanisms among nations will not give any one country a free ride. The regime of increasing competition translates [into] a battle for markets, a battle for technology and skills where the gold medals go to the efficient, the productive and to the innovative.

To us Filipinos, this means that we must unite and work as a national team to maximize our comparative advantages particularly our human and natural resources, our democratic culture and our central position between East and West in terms of geography and cultural affinity. Thus, Philippines 2000 is in effect a call for total mobilization, not for war but for peaceful competition leading to accelerated development. These efforts similarly requires large amount of strength, solidarity and resolve. And for the defense and the law enforcement community the challenge of Philippines 2000 is fivefold:

First, we must regather our efforts to bring internal conflicts for an early resolution as to make truly (?revealing) the climate of peace and stability. We have to deepen our social cohesion and tranquility in order that our businesses and industries, the livelihood of our people can thrive and make our country more attractive as an investment, trade and tourism destination.

Second, the defense sector must move decisively with the goals of community development and nation-building through the judicious employment of troops and material resources to secure civil order protect the environment and fight poverty. The planned Armed Forces of the Philippines [AFP] modernization program has been viewed not only as the improvement of AFP capabilities but also as an opportunity for developing our defense industries and the supporting activities for our own self-reliance needs as well as for exports. In this connection I reiterate my commitment to you because you can promote the modernization of our Armed Forces of the Philippines.

by the Australian Government for failing to take any action against the Thai military leaders and business people who clandestinely supported the abortive Cambodian coup. In this connection, Australian Prime Minister Paul Keating said he would request a meeting with Prime Minister Chuan Likphai to seek further explanation.

We admit that we used to help the Khmer Rouge in the past when they—along with the other two Cambodian factions—were recognized by the United Nations. After the Khmer Rouge was declared an outlaw organization, the Thai Government announced that it would only recognize the government under the co-premiership of Prince Norodom Ranariddh and Hun Sen. That is the policy of the Thai Government.

Australian Prime Minister Paul Keating and the leaders of other countries that have been accusing Thailand of supporting the Khmer Rouge, either directly or indirectly, should provide evidence to substantiate their charges. Further investigations should be made to incriminate the Thai Government.

We do not want to assume that the Australian leader's reaction against Thailand was designed to avert the attention of the Australian people from the murder of Australian national David Wilson by the Khmer Rouge. We still believe that both Australian Foreign Minister Gareth Evans and Prime Minister Paul Keating sincerely want to uncover the truth regarding their suspicions about Thai involvement in Cambodia.

In addition to the alleged support for the Khmer Rouge, the Thai Government must also clarify the accusation that some Thai nationals were behind the abortive coup in Cambodia. Gen. Sin Song himself told the authorities that he and his followers came to Thailand with help from a close aide to the interior minister. According to Gen. Sin Song, a car was sent to the border to take him and his colleagues to a hideout in Bangkok.

We have not yet seen the government make any attempt to clear up these suspicions. Prime Minister Chuan Likphai denied any responsibility for the coup attempt by saying that it was an act of the private sector, not the government. He simply wishes that everything would come to an end following the release of the nine Thai nationals. The testimonies given by Gen. Sin Song and his colleagues, however, implicate a major political party in the coalition. The government cannot simply let bygones be bygones. It must prove its adherence to international rules and regulations.

Import of Iranian Oil Approved To Save Rice Deal

BK1011074194 Bangkok Voice of Free Asia in Thai
1030 GMT 9 Nov 94

[FBIS Translated Text] According to Deputy Commerce Minister Chaiyot Sasomsap, the cabinet has approved the purchase of Iranian crude oil at an average daily rate

of 15,000 barrels for one year in keeping with an agreement in which Iran would buy 400,000 tons of white rice from Thailand. Thailand is shipping another 200,000 tons of rice to Iran this year under the agreement.

The cabinet decision was aimed at preserving Thailand's major rice market as well as to promote trade relations. By buying crude oil from Iran, Thailand will have to shoulder the increased expense of installing refineries to process high-sulphur Iranian crude. This will cause Thailand to lose U.S. \$0.60 dollar per barrel, or 83 million baht altogether. However, the import is only for one year, and the government plans to use allocation from the Central Fund to cope with the expenses.

Illegal Alien Smuggler Describes Business

BK0911113994 Bangkok THE NATION in English
9 Nov 94 p A2

[FBIS Transcribed Text] "Are you kidding?" snorted "Mr Loo" when asked if his previous underground business of sending illegal immigrants overseas involved kickbacks to immigration police.

"That's the essential part of the business," he said.

A NATION reporter accidentally met the 72-year-old Singaporean wanderer in Bangkok last week. He was totally broke, sad, yet full of revenge.

"I'll tell you all my story hoping that the man who walked out on me will get punished," he said.

Loo came to Bangkok in 1991 from Singapore after a playboy life drained all his savings. Here he became involved in the smuggling of Thai women and illegal Chinese to overseas destinations. He escorted Thai women to Hong Kong and Japan a few times. But most activities focused on the smuggling of illegal Chinese.

According to "Mr Loo", most of the Chinese immigrants come from Fujian province in China, the majority from villages. Their reputed stupidity has earned them the nickname LUK MU (piggies). They only speak Mandarin and their own dialect, which is difficult to understand. Most of the immigrants have brothers, cousins, husbands, relatives and friends in the countries they want to emigrate to. Connections with smugglers are made through people in the same province.

The immigrants come to Thailand using normally two routes. Some travel by plane via Hong Kong on a two-month visa. Others, those without passports, trek all the way from Yunnan to Burma and then on to Mai Sai. This second method is very dangerous and many have died on the way. After their arrival in Mai Sai the Chinese representative transports them to Bangkok and puts them up in hotels or apartments.

"Of course, bribes must be paid to Burmese and Thai immigration officials," Loo said.

Who does all the travel arrangements? A Chinese representative known as the "piggie head" makes arrangements with local Thai Chinese. Before a Thai Chinese accepts the "piggie" all expenses must first be covered by the piggie head. Sometimes piggies have to wait up to a year before finding a "sponsor". All living expenses are borne by the sponsor.

"Contrary to popular belief, people who deal in this business are normally shop or business owners, not gang or 'Mafia' members," he said.

How much does it cost? To Japan, the price is \$23,000. To America it is \$32,000. To Europe \$18,000. The Chinese piggie head receives \$6,500, \$8,500 and \$5,000, respectively. The Thailand piggie head receives \$3,500, \$4,000 and \$3,000, respectively. The Thai boss takes the balance.

Usually Singaporean, Malaysian, Taiwanese, Japanese or Korean passports are bought from brokers. The cost of a Singaporean passport is about [Thai baht] Bt14,000, while those with a valid US visa cost about Bt35,000. A craftsman replaces the original photo with the new user's photo. Before their departure, a go-between makes arrangements with the airline immigration controller and airport police.

To go to Europe, the price is Bt50,000—airline Bt20,000 immigration Bt10,000, airport police Bt10,000 and the go-between Bt10,000. To Japan, the price is Bt40,000—airline Bt15,000, immigration Bt5,000, police Bt10,000 and the broker Bt10,000.

A Malaysian, Singaporean or European will be the "horse" (the person who guards the piggies). The horse will present all passports at the airline counter where the bribed airline supervisor "checks" the passports and tells the counter clerk to give them boarding passes. The piggies must then go only to immigration counters which have accepted the bribe, Loo alleged. Airport police in the departure lounge always turn a blind eye. Since 1993, many Burmese, Taiwanese and Japanese nationals have become horses.

How do the operators get the passports? They are either stolen or sold by the owner. The price of a Singapore passport is between S [Singapore Dollar] \$400 and S\$500 or Bt6,500-8,000. These passports are then sent to Bangkok by courier service.

How do they fly to America? Because the US government fines an airline \$2,000 for every illegal immigrant, no airline dares issue a direct boarding pass to New York. So most operators have transit points in Taiwan, Japan, or Europe. In 1991 and the early part of 1992 Narita airport was the favoured place for transit, but once Japan cracked down on this loophole nobody has used it. Operators turned to European cities like Madrid, Frankfurt, Copenhagen, Vienna, Rome, and Paris, even Helsinki and Iceland.

"For example, let's say the piggies fly to Vienna. They stay there for a couple of days, then buy tickets to New York. It used to be very easy to arrange because nobody suspected such a large number of passports could be fakes," Loo said. However, things have become stricter and nowadays European airports are as difficult to "fix" as Narita.

What happens when the illegals arrive in New York? After take-off, the horse confiscates all travelling documents and flushes them down the airplane toilet. When the piggies arrive, they just surrender themselves and are bailed out within a day or two.

In 1991 and 1992 there were two main operators, one Taiwanese, but they have since retired because of the transit difficulties—they lost too much money.

"Some people may think the operators are big syndicates with a multi-million-dollar business, but this is not true. It's usually a one-man show. Unlike drugs the margin of profit is only about 2 and a half times the capital outlay—if every trip is successful. I know of many cases where illegals could not enter as many as four times," Loo said.

To establish "trust" among prospective clients, operators must "bail out" every immigrant caught by the immigration authorities. This sometimes drains profits.

Loo came to know two big non-Thai operators—one is Burmese with a Chinese girlfriend and the other is a Chinese couple. Both have stayed in Thailand for as long as eight years, and "they may have been granted permanent residence".

The Chinese couple, Lu Bin and his lady Lu Tay Chay, increased their operations in 1993, and although their premises have been raided by police, "money has talked" every time.

In early 1994, a consignment of 30 foreign passports was sent to Lu Bin in Bangkok by courier service from Moscow. Two of his workers went to the airport to collect them, but were arrested by police and under interrogation admitted that they worked for Lu Bin. According to police, he is the head of a big smuggling syndicate and a craftsman in fake passports. The police say he is a Hong Kong national and a manhunt was out for his arrest. But Lu Bin escaped to Phnom Penh where he stayed for three months, and then returned to Bangkok with money where he now runs a jewellery business as a front, according to Loo.

Loo cut his ties with Lu Bin following an eventful mission to Copenhagen. Loo ended up three months in jail and Lu Tay Chay helped him jump the plane in Bangkok while being deported to Singapore. Loo got no further assistance from his former boss.

"Without the cooperation of police and immigration officials this type of business would not have been able to flourish," Loo said. He added that although smuggling of

illegals is now at a standstill in Bangkok, with only about 10 people smuggled every month since June 1994 compared with about 200-300 during the boom years, police and immigration have had nothing to do with the drop.

"It is only because the transit routes are almost all closed," he said.

Loo claimed he personally experienced immigration corruption when he was arrested in a room of the "My Love" Hotel in Soi Ari in the company of a Chinese illegal, a seller of fake passports and Singaporean operator.

"Two fake Malaysian passports were found, but the immigration official took us to a fast food restaurant opposite the head immigration office in Soi Suan Phlu. We waited there about three hours until the Singaporean gave the police Bt125,000. This happened on the eve of Songkran Day in 1993," he said.

More Aid Allocated for Burma, Laos, Vietnam

BK0911085794 Bangkok BANGKOK POST in English
9 Nov 94 p 11

[FBIS Transcribed Text] Burma, Laos and Vietnam are to receive more aid from Thailand this year while internal problems freeze projects in Cambodia, a senior official of the Department of Technical and Economic Cooperation (DTEC) said. DTEC director-general Phichet Sunthonphiphit said the Government allocated 278 million baht for the department in the 1995 fiscal year—about 60 per cent of which has been set aside for the countries. The rest of the budget was for general purposes such as administrative expenditure and aid to other countries including Cambodia.

Thailand's fiscal year starts in October. The department is in charge of handling government assistance to and from other countries and international organisations.

Security problems in Cambodia delayed all contact between the department and the Phnom Penh government and halted approved projects in the country, Mr Phichet said. This has prompted the department to use its central budget to help Cambodia, he said.

"The department hardly receives contact from Cambodian officials," he said.

"Cambodia is facing internal insecurity which resulted in the delay of our approved projects, especially those in the countryside."

But the department is only able to launch training assistance projects for Cambodians, he said.

Mr Phichet reiterated the change was not related to sour relations between Bangkok and Phnom Penh.

DTEC's budget has steadily increased from 247 million in 1994 and 203 million baht in 1993, of which about 60-70 per cent was allocated to Burma, Cambodia, Laos and Vietnam mainly for development programmes and

human resource development projects. The emphasis underlines a government policy aiming to cement relations with neighbouring countries, especially Laos, Mr Phichet said.

Laos benefits most from Thai aid in Indochina ahead of Vietnam, Burma and Cambodia, he said. The landlocked country will receive about 100 million, Vietnam 50 million and Burma about 20 million baht, he added. The department originally requested 400 million baht this year.

Mr Phichet said the department should have received about 30 million baht more to make it easier to assist more countries which were requesting assistance from Bangkok. The department is also focusing on medium-term cooperation.

Laos and Vietnam have negotiated a number of three-year projects with the department and Burma is seeking a similar deal, he said, adding that three-year programmes were scheduled to start in 1996.

Next month the department will have an exchange of officials with Vietnam, transferring officials between the State Planning Committee in Hanoi and DTEC in Thailand Mr Phichet said.

Thailand started offering assistance, mainly academic cooperation, to other developing countries in 1955. The department began to focus on neighbouring countries during the Anan Panyarachun government.

Lao Refugees Encouraged To Return to Laos

BK1011063294 Bangkok Radio Thailand Network in
Thai 1200 GMT 9 Nov 94

[FBIS Translated Text] Khachatphai Burutphat, deputy secretary general of the National Security Council [NSC], reported the repatriation of 410 Lao refugees from the Na Pho Center in Nakhon Phanom Province during the first few days of November. The refugees were sent to a settlement area in Champassak Province in Laos. He also reported excellent cooperation from Than Onnua Phommachan, chief of Champassak Province, in implementing the repatriation under the agreement between Thailand, Laos, and the UN High Commissioner for Refugees [UNHCR].

The NSC deputy secretary general said that Lao leaders, at government and provincial levels, had given reassurances that refugees who returned to Laos would be well treated. The returnees will lead a normal life the same as other people in Laos. The Lao Government, meanwhile, will provide land for housing and cultivation for those people. At the same time, the UNHCR will continue giving them help for another 18 months after their resettlement in Laos. The refugees who are returning now are entitled to receive more financial help from the UNHCR. This is a good opportunity for the refugees to volunteer to return to Laos before the closure of the Na Pho Center late this year. After the closing of the center,

the refugees will lose their refugee status and will be treated as illegal immigrants. They will face legal action by Thailand.

*** SRV Training Lao Workers in Socialist Mold**

95SE0006A Bangkok ATHIT in Thai
2-8 Sep 94 pp 36, 37

[Article by Midet Decho]

[FBIS Translated Text] Most of the goods sold along the Thai-Lao border are sold by Vietnamese living in Laos. In 1994, the purchasing power of the Lao people declined as compared with the past several years. This is because their jobs and incomes are uncertain. Some people have said that because Thai financiers are not purchasing marijuana, the villagers don't have any money. This may be a joke because Laos now prohibits the cultivation and sale of marijuana. If someone is found growing or selling marijuana, he will be prosecuted in accordance with the law. Because of the shortages, some young Lao have entered Thailand illegally to look for work along the border. These are unskilled laborers who will work for low wages. Because of this, Thais have hired such people, and there are gangs that smuggle Lao workers into Bangkok and the south for a fee of 1,400 baht per person. These people work in mines, on fishing boats, on rubber plantations and orchards, and they work as general laborers on construction projects. This is the case even though the Lao development plan predicts that the economy will be growing at a rate of 8 percent per year by the end of the fifth economic development plan in 1995. The sixth development plan will end in the year 2000.

The Thian Sin Company, which is building Highway 13 from Pak Kading to Savannakhet, employs very few Lao workers. It is building 226 km of highway at a cost of 1.25 billion baht. Construction is supposed to be completed in 5 years, that is, the construction period is from 1992 to 1996. Thus, Lao people don't have a chance to work and earn money for themselves and their families. Most of the workers and laborers are from China and Thai companies that won bids to build certain sections of the highway. Even though Vietnam has helped by providing jobs for about 10,000 young Lao workers from every province in Laos, it will be a long time before Lao laborers become skilled construction workers and can return to work in their home provinces.

Vietnam has proposed giving aid to the administrative heads in various provinces along the Lao-Vietnamese border, particularly Savannakhet and Khammouan provinces. Since the beginning of 1994, Vietnam has accepted applications from Lao citizens between the ages of 18 and 25 who want to work in Vietnam for 2-4 years. About 10,000 people have applied. They pay a wage and provide housing. Actually, the population of Vietnam exceeds 78 million. It has many times the number of laborers that Laos has. The reason why Vietnam claims to be providing help to a fraternal socialist country is

that it wants to prevent Lao people from going to work in Thailand, picking up the habits of lazy people in a democratic system, and spreading those unwholesome habits in Laos, because that could pose a threat to the administrative system.

At the beginning of July, Savannakhet Radio broadcast a report stating that some of the problems in Cambodia were caused by Thai financiers, who played a role in perpetuating the rebellion and stirring up trouble in Cambodia. Thus, there have been reports that Lao intelligence units stationed in various border provinces have ordered officials to monitor Thai investment in Laos regardless of the nature of the business venture. If they act suspiciously, they are to be arrested, and the area is to be sealed off. If there is clear evidence, those involved are to be prosecuted. This will not create any problems in Laos. Another report stated that intelligence agents will be sent abroad to monitor the activities of Lao people with American citizenship, who may try to slip into Laos and stir up trouble. It stated that what happened in Cambodia is an example of what could happen in Laos.

This may be the reason why Lao goods are not being brought to and sold along the border. The only exceptions are timber and certain forest products brought by state officials. Since border points were opened in 1986, the goods sold by Lao people have included forest products, frogs, ducks, chickens, forest animals, and honey. But today, the goods sold at the border points are mainly goods from Vietnam, such as garlic, ormosia wood, dalbergia wood, ceramic goods, marble, and baskets used to carry small items. These goods are brought from Vietnam and stored in Lao godowns in various provinces along the Mekong River such as Savannakhet and Khammouan provinces. They are then bartered for Thai goods at the border points. Some goods are smuggled into Thailand through village docks along the Mekong River. Smugglers earn a lot of money doing this.

In purchasing goods, state trade representatives in Vietnam use Lao passports to pass through the permanent border transit points. They then purchase goods in Sakon Nakhon. Some of these goods are not supposed to be exported, and a heavy export tax is levied on other types. For this reason, financiers from Sakon Nakhon smuggle out goods. They transport the goods to a village along the Mekong River and are paid a commission of 1,000-2,000 baht if they succeed in smuggling the goods to a designated village across the Mekong River.

As for the economic problems in Laos, because people have to follow the plans and resolutions of the communist party, it is difficult for them to earn a living. This is particularly true of villagers living in remote rural areas. Thus, Thailand has become the main source for earning money. All of those who cross the Mekong River and then return generate more international political suspicion.

Young Lao people living along the border can see the growth that has taken place in Thailand as a result of

economic development here, and they can see what is going on here by watching television. Thus, all of them want to flee across the border and find work in Thailand. Large numbers are doing this just like people from Burma and Bangladesh. The money that they earn, regardless of the amount, is very important to the economic system of the people in Laos. With this money, they can build new houses, purchase bovines to till the fields, and buy clothes, medicines, and television sets. For this reason, to earn a living, most young Lao people still set their sights on Thailand. At the same time, many Thais are trying to go abroad to find better paying jobs just like the Lao people who are illegally crossing the border to find work in Thailand.

* TDRI Views AFTA Competitiveness Issues

95SE0003A Bangkok MATICHON in Thai
10 Sep 94 p 6

[FBIS Translated Text] Mr. Nippon Phuaphongsakon, the director of Economic Planning for the Thai Development Research Institute (TDRI), said that when the Industrial Council of Thailand (SOTI.) had the TDRI study the means and opportunities for exporting and the effect of setting up the ASEAN Free Trade Area (AFTA) on the industrial sector, this research group had concentrated on studying 15 industries: 1. leather products, 2. wood, rubber and rattan furniture, 3. ceramics, 4. cement, 5. gems and jewelry, 6. textiles, 7. petrochemicals, 8. chemical fertilizers, 9. chemicals and pharmaceuticals, 10. glass and glass plate, 11. rubber products, 12. copper cathode, 13. paper, 14. electricity and electronics and 15. palm oil.

Mr. Nippon said that the study found that in general Thai industry is very competitive, as for example in clothing, gems and jewelry, leather products, and ceramics. In the past this was because Thailand had an advantage in its low labor costs. But the important factor now is that the magnitude of the Thai market allowed a low investment per unit of product. But there are negative factors, and these are that our import duties on semi-finished goods are higher than those of our neighbors, we lack skilled labor and we still have problems with the continuity of our officials and with our infrastructure.

He said the Thai goods that were at a disadvantage included palm oil, plastic pellets, sheet glass, rattan furniture, and some kinds of chemicals. This is because they had been protected for so long and because Thai energy is more expensive than that of its competitors. Fertilizer and pure copper will not be affected because they are not produced here.

"From the study it was learned that because Thailand had a long list of goods that were temporarily exempt from tariff reductions and the tariff level on the list of goods slated for reductions was high, Thai industry would suffer great losses because it would have to use raw materials from protected industries. For example

protecting the petrochemical industry would cause consumers and plastics producers to lose more than 60 billion baht per year, and this does not include the losses in other industries. As for the protection of the palm oil industry, this increased the income of the palm oil plantations by 2.741 billion baht, but it caused consumers and society to lose 3.309 billion baht per year."

He said that the study had come up with four recommendations: 1. develop competitive potential by reducing the import tariffs on semi-finished goods and raw materials from countries outside ASEAN and by setting a time period and a starting point for this change. But this could not affect the state's income; 2. change the structure of those industries which were at a disadvantage. For example, help those involved in palm oil find other professions; 3. accelerate the reduction in tariffs by increasing the list of goods slated for normal reduction and reducing the list of exemptions for tariff reductions; and 4. adopt measures to control environmental problems. With regard to agricultural goods, he would agree with a recommendation to reduce the tariffs on unprocessed agricultural goods within AFTA because many countries in ASEAN were important producers of agricultural goods, and this would help the food processing industry find suitable places to locate. And he would also agree with this for the trade in services—if they did not cooperate in these areas, ASEAN cooperation would not be complete.

* Infrastructure Investment Plans Detailed

95SE0004A Bangkok THAN SETTHAKIT in Thai
25-28 Sep 94 pp 34-35, 30

[FBIS Translated Excerpt] [Passage omitted] "Looking at the construction that has already taken place, Thai contractors don't dare invest, because the corruption there is worse than in neighboring countries. That is the case even though labor costs are low and there is much investment potential. Thus, things have slowed down. No one dares take the risk of investing there. Even though the Vietnamese Government has invited the Thai Building Industry Association to come observe things, the association is not prepared to go," said Mr. Yim Triwisawawet, the president of the Thai Building Industry Association, in talking about why large amounts have not been invested there.

"The large contractors that have done jobs there have learned a few lessons. People are uncertain about investing there again. Even though there is a large number of construction projects there, doing business with Vietnam is much more difficult than doing business with Laos. And the important thing for contractors is that in competing for jobs abroad, Thai contractors have not received any support from the Thai Government. No financial help has been given. In doing jobs abroad, we can't compete with other countries with respect to interest, because interest rates on loans are still very high here. The government should establish a central fund to provide help and encourage people to compete with

other countries. In particular, there should be Thai engineers to conduct studies and evaluate the potential for investment in order to reduce the risk. But Thailand doesn't have such people. Also, Vietnamese laws must be studied carefully. Thus, no Thai contractor has built anything there. I have invested there in the name of C. Kanchang. We are producing such products as ready-made concrete, ready-made flooring, and water pipes, and building sidewalks."

As for the investment views of Anuwat Buraphachaisi, who has opened a heavy equipment market in Vietnam in the name of the MEC Far East International Company Ltd., which sells such equipment, he thinks that the prospects for the Vietnamese market look quite bright. There is much building going on in accord with the plans. Thus, the market for heavy equipment should increase greatly. The company has been selling equipment there and has opened a sales office in Vietnam. He said that he is waiting for permission to establish a company. He expects to receive an answer within the next two months. The equipment sent so far has been used in building two golf courses in southern Vietnam, a golf course in Hanoi, and a shrimp farm in southern Vietnam.

Mr. Pricha Punnakitikaseem, the managing director of the Advanced Paint and Chemicals Company Ltd., which produces Dutch Boy paint, said that in investing in Vietnam, the important things are to bring in new technology and to be knowledgeable about and experienced in the production activities in which you are going to invest. And you must find a good partner. That will facilitate investment greatly. And to find a good partner, you must have good mutual relations. As for the problems in investing in Vietnam, even though the potential is very great, there are also many problems. The laws and regulations need to be revised. But if you have a good partner, that will help solve the problems.

Mr. Khachon Sisukoson, the chairman of the board of the TOA Company Ltd., said that with respect to investing in Vietnam, if GATT is used, business in Asia will become "business without borders." The problems that have arisen will fade away. If investors have sufficient manpower, financial power, and technology, they will be able to invest anywhere. TOA's policy stresses gaining market share in large markets such as Malaysia, China, and Singapore. The company is investing in Vietnam and hasn't encountered any problems. This is because the company has a good reputation, and it has good relations with the Vietnamese.

"What is worth keeping an eye on is that after Vietnam finishes building public services and public utilities, which, according to the plan, are supposed to be completed by the year 2000, Vietnam will have many of the facilities required by investors. And if Vietnam can overcome the obstacles to investment, that is, if it can modernize its investment law, Vietnam may be able to attract many investors. As a result of that, foreign

investment in Thailand will decline. Thus, the Thai Board of Investment should take steps to improve Thailand's investment support plans," said Chatchai Wiramethikun, a well-known investor both here and in China in his capacity as the managing director of the M. Thai Industrial Park Company Ltd.

Mr. Surathian Chaktharanon, a member of the board and the managing director of the Chundit Development Company Ltd., said that Vietnam has much investment potential. It needs a system of public services, and there is a great need for real estate development. And it needs to build tourist facilities. The development of these things must go hand in hand. The development of housing is a business that will develop gradually. There is a shortage of hotels and office buildings, because in the past, no hotels were built for businessmen. Those on the market are very expensive.

"Because of the shortage of housing for tourists, expenses there are very high. If the system of public services is developed and no restrictions are imposed, real estate construction should flourish. Some of the obstacles include finding partners and dealing with the legal problems concerning buildings and the delays in obtaining project permits. Because of this, business in Vietnam has not expanded as quickly as it should have. To date, few Thai businessmen have invested there. Nothing concrete has been done. This will take time." [passage omitted]

An important element of the current investment law is that the Vietnamese government will ensure the ownership rights and other rights of foreigners who invest there. There are three forms of investment: contractual business activities, joint venture activities, and unilateral investment activities. Investment must focus on bringing in and transferring high technology to Vietnam, using Vietnamese laborers, and developing the domestic economic structure.

The investment law contains many other details. But the financial stipulations for foreign investors in Vietnam state that after they have received authorization from the SCC (State Committee for Corporation and Investment), foreign investment activities will be registered and receive business permits from the SCC. They must open a foreign currency account at a bank in Vietnam. The moneys sent out of the country must be profits earned from business operations and approved expenditures for the purchase of technology or services.

As for determining which foreign investment projects will be selected and selecting the partners, the projects will be discussed based on the country's 1-year and 5-year economic plans. Each unit and sector will formulate its own investment targets. The Investment Control and Coordination Committee and the Planning Commission will make the selections and submit these to the Central Committee for a decision. In considering foreign investment projects, the focus will be on financial capabilities, technology, and the reputation of the organizations both in their own countries and abroad. If a foreign

investor wants a Vietnamese partner, the units with the authority to make recommendations are the Ho Chi Minh City Investment Control and Coordination Committee, the Ho Chi Minh City Foreign Activities Office, and the Foreign Trade Development Center.

Draft investment plans must be approved by the Central Committee. The Investment Control and Coordination Committee is the unit that will consider and make recommendations on projects. This will include the project objectives, the financial situation, capabilities for finding sources of capital, capabilities in finding laborers, raw materials, electricity, water, and communications routes, assets, and locations. In considering things, the committee must consider the environment and customs and traditions.

After Ho Chi Minh City administrators have approved a project, the investors must send the project file and related documents, along with copies, to the ICSC. The file must be approved by senior officials in the ministries concerned and by the chairmen of the district people's committees. However, in the case of wholly-owned foreign investment projects, the files must be submitted directly to the ICSC. A decision on each project will be made within 30 days.

As mentioned earlier, concerning the problems in investing abroad, particularly in Vietnam, even though investors feel that Vietnam presently lacks the necessary public services and public utilities, because of the investment projects that will be built using the foreign aid coming into the country, it is predicted that by the year 2000, Vietnam will have almost everything necessary to enable foreign investors to do business there.

Once the country receives construction aid, what will happen is that the laws will be amended in order to facilitate investment. But by then, it may be too late for Thai investors to invest there, because others who dared take the risk will control things. Whether Thai investors will have a chance to play a role there depends on the skills and relations of each company.

[Pie chart] Foreign Investment Over \$100 Million

Indonesia, 102.6; Singapore, 108.4; Canada, 112; South Korea, 150; Russia, 221.1; Holland, 271.5; Australia, 280.4; England, 304.3; Japan, 310; France, 322; Hong Kong, 475.5; Taiwan, 1,094.5.

List of Projects in the 1993-2000 Development Plan Project; Details; Time Period; Cost. Unit: Millions of U.S. Dollars

1. Communications and transportation: \$3,517

1.1. Upgrade Highway 5 from Hanoi to Haiphong. Four lanes; 105 km. 1993-1994. \$161.

1.2. Upgrade Highway 18. 80 km linking Bien Hoa and Vung Tau. 1994-1997. \$40.

1.3. Upgrade Highway 51 between Ho Chi Minh City and Vung Tau. Improve the old road from Bien Hoa to Vung Tau City. 1995-1988. \$124.

1.4. Build Highway 1A. Hanoi to Vinh and Ho Chi Minh City to Can Tho. 1994-1997. \$140.

Ho Chi Minh City to Nha Trang. Construction of large bridges near various towns. 1994-1996. \$83.

Len City. 160 meters long, 8 meters wide. A special avenue 2.25 meters wide already added. 1994-1997. \$10.

Ginah City. 718 meters long, 8 meters wide. Two special avenues 4 meters wide. 1994-1997. \$20.

Quan Hau City. 552 meters long, 12 meters wide. 1995-1998. \$60.

Can Tho City. 2,000 meters long. Four lane and two lane roads for special highways. 1996-2000. \$70.

1.5. Upgrade Highway 14 from Ban Me Thuot to Chon Thanh. Upgrade 283 km of highway and build a road to link Ban Me Thuot and Ho Chi Minh City. 1994-1997. \$62.

1.6. Upgrade Hanoi City roads. Widen the roads from 12 meters to 33 meters. 1995-1998. \$150.

1.7. Build three important roads in Hanoi City and its suburbs. 1995-1996. \$120.

1.8. Communications facilities in Hanoi City. 2,000 buses, 4 tram lines, and garages. 1994-1998. \$80.

1.9. Ho Chi Minh City main roads. Improve the main roads in the city. 1995-1998. \$250.

1.10. Communications facilities in Ho Chi Minh City. 2,000 buses and garages. 1995-1998. \$100.

1.11. Upgrade Noi Bai Airport in Hanoi. Upgrade and build passenger lounges and roads for taxis. Upgrade Runway 2 and the flight control system of the control tower. 1994-1998. \$200.

1.12. Upgrade Tan Son Nhat Airport in Ho Chi Minh City. Upgrade the passenger lounge, roads for taxis, and other facilities. 1994-1998. \$200.

1.13. Danang Airport. Build an international airport to handle 1.5 passengers. 1994-1996. \$100.

1.14. The Cai Lan Port in Quang Ninh Province. Build a deep-water port capable of handling 4-4.5 million tons of cargo a year and of handling 30,000-ton ships. 1993-2000. \$280.

1.15. Haiphong Port. Upgrade the port so that it has the capacity to handle more cargo, that is, approximately 5-7 million tons a year. 1994-1997. \$60.

1.16. Danang Port. Upgrade the large shipyard and build another two docks for 20,000-ton ships. 1994-1998. \$50.

1.17. Saigon Port in Ho Chi Minh City. Upgrade and build facilities to handle containers. 1994-2000. \$100.

1.18. Thi Vai and Vung Tau ports and roads in and around Hanoi. Build a port at Thi Vai to handle 11 million tons of cargo a year. 1996-1998. \$150.

Build the Ben-Dinh-Soam Mai port to handle 10 million tons of cargo a year and 30,000-ton ships. 1996-2000. \$320.

1.19. Near the mouth of the Hua River. Dredge the river so that it can handle 5,000-ton cargo ships. 1993-1997. \$20.

1.20. Railroad construction. Upgrade the Hanoi-Ho Chi Minh City railroad line. Repair 13,000 meters of rail lines, which accounts for one out of every six old bridges, along with another 500 km of rail lines and 10 tunnels. 1994-2000. \$377.

1.21. The Cai Lan-Lao Cai railroad line. Build a railroad line between Yen Vien and Pha Lai. 1995-2000. \$170.

The electricity system: \$1,700.

The Ya Li hydropower plant. 650 megawatt capacity. 1993-1997. \$600.

The Phu My power plant. 600 megawatt capacity. 1994-1997. \$400.

The Ham Thuan-Dami power plant. 447 megawatt capacity. 1996-1998. \$400.

Electricity relay stations that can relay at least 200 kw of electricity. Repair and build electricity relay stations that can relay electricity to the cities and surrounding areas. 1993-1998. \$300.

Irrigation and forestry: \$1,468.

The irrigation system in the Red River basin area. Improve the irrigation system. 1993-1997. \$278.

The irrigation system in the Mekong River basin area. Develop the irrigation system. 1993-1996. \$210.

The irrigation systems in the different regions. Repair and improve the systems or build new systems. 1993-1998. \$200.

The afforestation project in barren mountains. Plant trees in order to make the mountains verdant again. 1993-2000. \$420.

Dams and sea dikes. Improve and strengthen the old dams and build new dams. 1993-2000. \$150.

Communications: \$340.

Local cable television. Upgrade and build the underground television cable system and link the nets between the urban and rural areas, particularly Hanoi and Ho Chi Minh City. 1993-1997. \$200.

Television and radio systems. Focus mainly on development at the center. 1993-1998. \$40.

Communications between the coast and the islands. Construction concerning the coastal communications system in order to facilitate ship movements and meteorological activities. 1993-2000. \$50.

Development of the communications system. Build a telecommunications system to link the development nets from the center to the rural areas. 1993-2000. \$25.

International data network system. Improve and build a data network, software system, and training system. 1993-1997. \$25.

Industrial support: \$531.

Development concerning phosphate for use in producing fertilizer. Fertilizer production plant with a capacity of approximately 240,000 tons a year if there are sufficient raw materials to support production (study the feasibility of obtaining raw materials for use in production). 1994-1998. \$171.

Nitrogen production. Domestic plants with the capacity to produce approximately 0.5 million tons of nitrogen a year. (Studies are being done on the use of this gas.) 1993-2000. \$360.

Army Chief Cites 'Mutual Suspicion' in South

BK0611083394 Bangkok THE SUNDAY POST in English 6 Nov 94 p 5

[FBIS Transcribed Text] Removing mutual suspicion will be the key to establishing understanding in predominantly Muslim southern provinces, Army Commander-in-Chief Wimon Wongwanit said yesterday. Gen Wimon was commenting on the introduction of a policy to apply political before military means, officially known as the 66/23 policy, to the separatist problem in the South by Fourth Army Region Commander Lt-Gen Panthep Puwanatnulk. The army chief said the most important matter to be resolved in the South was mutual suspicion between officials and local people as well as between officials of different agencies.

"We will have to reach understanding and build unity at the same time as suppressing the armed separatists," Gen Wimon said.

Vietnam

Assembly Delegation Holds Talks in Beijing

BK0911144994 Hanoi VNA in English 1404 GMT 9 Nov 94

[FBIS Transcribed Text] Hanoi VNA Nov 9—A visiting delegation of the Council of Nationalities of Vietnam's National Assembly [NA] led by the Council's vice

chairman Mr Ru Ho Vau was received in Beijing yesterday afternoon by Mr Butto [name as received], vice chairman of the Permanent Commission of the National Assembly of China.

At the reception, Mr Butto warmly welcomed the Vietnamese NA delegation's visit, describing it as a contribution to the strengthening of the traditional friendship and the multi-sided cooperation between the peoples and national assemblies of the two countries.

Also in Beijing, the Vietnamese NA delegation had talks with a delegation of the Commission of Nationalities of China's National Assembly led by its head Wang Chaowen. The two sides informed each other of their work and exchanged experience. They also discussed measures to further promote the friendship and cooperation between the two councils nationalities of the national assemblies of Vietnam and China.

Assembly Chairman Receives Lao Delegation

*BK0911144894 Hanoi VNA in English 1407 GMT
9 Nov 94*

[FBIS Transcribed Text] Hanoi VNA Nov 9—Chairman of the National Assembly Mr Nong Duc Manh, received here this afternoon a delegation of the People's Supreme Inspectorate of Laos led by its director Mr Ounla Saignasan.

Director of the People's Supreme Inspectorate of Vietnam Mr Le Thanh Dao was also present at the reception.

Chairman Nong Duc Manh welcomed the Lao delegation's visit, describing it as a vivid manifestation of the special solidarity and friendship between Vietnam and Laos. Mr Nong Duc Manh and Mr Ounla Saignasan agreed that the relations between the inspectorates of the two countries should be further developed, thus contributing to the building of law systems and the state of law in each country, and for peace, stability and development in the region.

Communist Party Delegation Holds Talks in Seoul

BK0811090394 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 7 Nov 94

[FBIS Translated Text] At the invitation of the Democratic Liberal Party [DLP], the ruling party of the Republic of Korea [ROK], a delegation of the Communist Party of Vietnam led by Comrade Hong Ha, secretary of the party Central Committee and head of the party Central Committee's Foreign Relations Committee, arrived in Seoul on 6 November to begin an official visit to the ROK.

On the morning of 7 November, His Excellency Kim Yong-pil, executive president of the DLP, received and had talks with Comrade Hong Ha and our Vietnamese

party delegation at DLP headquarters. Also present were many high-ranking DLP cadres.

Afterward, our party delegation held a working session with the South Korean DLP delegation led by His Excellency Choe Tae-uk, deputy general secretary of the party. The two sides informed each other about the situation in their respective parties and countries and exchanged views on the development of relations between the two ruling parties in order to contribute to promoting relations between the two states and strengthening mutual understanding and multifaceted cooperation as well as the friendship between the two peoples.

Also on 7 November, Comrade Hong Ha met and had a working session with ROK Foreign Minister Han Sung-chu. The two sides exchanged views on bilateral relations and regional issues of mutual concern.

On the evening of 7 November, General Secretary of the South Korean DLP Mun Chong-su hosted a grand banquet in honor of Comrade Hong Ha and his delegation.

Vietnamese Ambassador to the ROK Nguyen Phu Binh also attended these activities.

Also on 7 November, Comrade Hong Ha visited the Vietnamese Embassy in Seoul and met with the embassy staff.

Commentary Views Relations With CIS, East Europe

*BK0911070994 Hanoi Voice of Vietnam in English
1000 GMT 8 Nov 94*

[Station commentary]

[FBIS Transcribed Text] A seminar on economic relations between Vietnam and Eastern Europe has been held in Hanoi by the Center for Commonwealth of Independence States [CIS] and Eastern European Studies, and the Institute for International Relations under the Vietnamese Foreign Ministry. Eastern European countries' direct investment in Vietnam was a popular topic for participating business people. Participants agreed there was an urgent need to restore relations between Vietnam and the CIS and Eastern European countries. Here is our radio editor's opinion:

The Vietnamese Government has been concerned with this issue and claims it is necessary to restore and develop Vietnam's relations with the CIS and the Eastern European countries. This was the reason for Prime Minister Vo Van Kiet's and Vice Premier Tran Duc Luong's recent visits to these countries. Prime Minister Vo Van Kiet's visits to the republics of Russia, Ukraine, and Kazakhstan, and Vice Premier Tran Duc Luong's visits to Czech, Slovakia, Hungary, Poland, and Romania are a strong starting point to resume and develop relations. Many important documents were drawn up determining new principles for relations and fields of cooperation for mutual benefit.

Vietnamese people have a saying that the beginning is the difficulty. There are many difficulties in each country now as well as in new cooperative relations between Vietnam and these countries. However, cooperative relations are promising. Relations between Vietnam and the Russian Republic and other CIS states have been stabilized and are now developing again. Russia has contributed a large part to the building of Vietnam's infrastructure, and is one of the 10 largest investors in Vietnam. The signing of an agreement on fundamental principles for friendly relations between Vietnam and Russia has generated a legal basis for the stable and long-term development of these relations. Relations between Vietnam and Eastern European countries have gradually been restored and developed. Vietnam has signed with Czech, Poland, Slovakia, Hungary, and Romania many important economic cooperation agreements. In the coming period, Vietnam and these countries will take further positive steps to improve relations to a higher level.

In implementing its open door and friendly policy with all countries in the world, Vietnam has many new friends and possibilities to develop. However, Vietnam remains loyal to its old friends in the former Soviet Union and Eastern Europe. It is believed that in the future these countries will be important partners of Vietnam in economic and trade relations and other fields.

National Assembly Resolution, First Part

BK0911081794 Hanoi Voice of Vietnam Network in Vietnamese 1300 GMT 7 Nov 94

["First part" of a resolution adopted by the Ninth National Assembly's Sixth Session in Hanoi on 1 November]

[FBIS Translated Text] Pursuant to Article 84 of the SRV Constitution;

After examining a government report on the situation regarding the implementation of the 1994 tasks and on the orientations and tasks for 1995; activity reports presented by the Supreme People's Court and the Supreme People's Organ of Control; investigative reports and briefings presented by the Nationalities Council and other National Assembly committees; suggestions made by National Assembly deputies; and a report rounding up the views of voters nationwide;

The SRV National Assembly hereby decides:

- To endorse the government report on the situation regarding the implementation of the 1994 tasks and on the orientations and tasks for 1995 and other reports presented by the Supreme People's Court and the Supreme People's Organ of Control; and
- To place emphasis on the following issues:

I. Assessment of the 1994 situation:

Building on the achievements of previous years, in 1994 our people continued to struggle to make new achievements. The socioeconomic situation has been marked by additional positive changes. National defense and security have been firmly maintained; foreign relations and international cooperation have been expanded; and the livelihood of a broad section of the population has shown some improvement, thus opening up the prospects for attaining or exceeding many of the norms set forth in this National Assembly resolution.

These achievements have created favorable conditions for overfulfilling the 1991-95 five-year plan and have generated momentum for development in the ensuing years. Our national economy has, in general, continued to show weakness in various areas. The state budget has remained heavily overdrafted. Financial management has continued to show weaknesses. The rate of development investment is low and efforts to contain inflation are not firm enough. The results obtained from the practice of thrift and from the fight against wasteful spending, corruption, and smuggling are still limited. Efforts to eradicate social vices are slow, the state apparatus is still bulky and ineffective, and discipline maintenance in socioeconomic management is still lax. Efforts have been slow to correct many inconvenient administrative procedures and to resolve the complaints and denunciations of citizens. Apart from this, natural calamities have caused heavy losses in various localities; their consequences have been left for us to deal with in 1995 and many years to come.

Given the above situation and in view of new requirements, opportunities, and challenges, the National Assembly has decided on the following main tasks and targets for 1995.

II. General orientations, tasks, and targets for 1995:

1. The orientations and tasks for 1995 consist of continuing to step up the renovation process and shifting the country more rapidly to a new developmental stage in the direction of industrialization and modernization on the basis of effectively developing all national potentials, practicing thrift, speeding up the pace of economic reform in conjunction with administrative reform, effecting a change in the economic structure, ameliorating the financial and monetary situation, ensuring harmonious development among economic and cultural and social activities, stepping up the struggle against corruption and smuggling, firmly maintaining political stability, consolidating national defense and security, and broadening international relations of friendship and cooperation.

2. The main targets for 1995 are for GDP to increase 9-10 percent, agricultural output value to increase 4.5-5 percent, grain output to reach 26-26.5 million tons, industrial output value to increase 13-14 percent, export value to increase 25 percent, and inflation to remain at 10 percent.

III. Major tasks and measures:

1. In the economic field:

a. Further renovate planning to ensure the proper observation of orientations and develop the economy to fulfill the objectives of a prosperous people, a strong country, and an equitable and advanced society; review implementation of the tasks for the 1991-95 five-year plan; actively complete planning for the 1996-2000 five-year plan; ensure that all advantages and potentials are developed properly; implement the targets of the socioeconomic development strategies with high efficiency; complete planning for major economic zones, other sectors, and industrial zones; actively prepare for large investments and key projects during the next five-year plan; and step up research on plans to prevent and control flash floods in the interest of people in the Mekong River delta and areas that are vulnerable to regular floods and storms.

b. With regard to the finance and monetary system, complete a comprehensive national finance policy; strive for higher public revenue in the direction of expansion and improvement of efficiency in production and business as well as in use and management of all revenue sources; set up a policy to create new sources of revenue and develop them; step up the practice of thrift in general spending and administrative expenditures in order to save more capital for development investment; strive to reduce the budget deficit, balance budget revenues and expenditures, and eventually achieve a budget surplus; execute tight control over the money supply and regulate a balance between supply and demand to ensure a good response to production and business development demands and contain inflation; actively eliminate subsidies and increase capital sources with suitable methods and consequences; adjust foreign exchange rates in order to promote exports and control imports according to plan; set up a logical interest policy that helps mobilize savings deposits; encourage applications for development capital loans; increase medium and long-term investment credits for agricultural production activities; continue good management of the division of jurisdiction over the national budget between central and local authorities in order to maintain the unified line of the central government exercising its management role over the national finance system while developing the active roles and responsibilities of localities; improve the tasks of allocating revenue and expenditure targets to localities to ensure the stability of open democratic practices; allocate assigned budget shares in time, taking into consideration the convenience of localities; and strengthen supervision and control over management of expenditures in accordance with policy in order to fight wasteful spending, embezzlement, or capital spending for wrongful purposes.

We should effectively mobilize and utilize all sources of capital; set up policies and regulations to encourage business establishments and people to invest in production development; develop the law to encourage

domestic investment; review the implementation of the foreign investment law and bring about necessary adjustments; consider reasonable national budget share allocations and strive for the effective use of the share for development investment; direct more capital to major projects that will soon be profitable; cease scattering investments on projects with a prolonged building process that cause waste and loss; improve the budget capital management structure and refine the credit policy for investment in capital construction; establish the self-motivated loan-seeking and debt-payment system in the field of development investment; continue to consolidate and renovate banking and financial activities to respond appropriately to the needs of production and business activities as well as of the capital circulation network; and accelerate the establishment of a capital market to create conditions for capital sources to develop their potential.

c. With regard to improving the economic structure, activate changes for the better in the economic structure in the direction of developing the unique advantages of each locality and of the country as a whole. In addition to intensive investment in major areas to build up socioeconomic infrastructure, we also need to focus on the construction of a number of essential production and business establishments. We should pay appropriate attention to the industrialization and modernization process of agriculture and the development of the rural economy. The development of agriculture, forestry, and fishery should be comprehensive, with special focus on the processing industry and production of consumer and export goods. We should invest selectively in such essential sectors as power, oil and gas, steel, machinery, cement, and other construction materials. More attention should be paid to in-depth investment in order to improve labor output, the quality of goods, economic efficiency, and the development of medium and small-scale business establishments.

d. With regard to foreign economic relations and exports and imports, expand foreign economic relations and urgently refine the policy on improving the investment environment; quickly dispose of intermediate phases, bothersome administrative procedures, and negative practices in the field of cooperation and investment. Encourage investment in the direction of giving priority to production activity and the transfer of technology and management experience. It is necessary to consider all steps, fields, scales, and forms of cooperation activities and joint ventures with foreign countries carefully to ensure efficiency and the long-term national interest; establish a system of policies to encourage the production of goods for export and firmly manage import activity. Attach importance to importing machinery and equipment for the production and modernization of technologies; limit the import of consumer goods that are not essential or can be produced domestically; strive for a balance between exports and imports and increase

the foreign currency public reserves; and strongly develop tourism and other services that attract foreign currency.

e. Regarding production relationships, concentrated efforts must be made to direct ways of improving capital management and of providing funds to state economic establishments so they can enhance the efficiency of their business and production operations and assume a leading role in the national economy. Gradual steps must be taken to eliminate the system of management by ministries and administrative organs. Plans must be worked out to restore and develop the nonstate sector in key industries and essential areas of operation, thereby improving the efficiency of production and business activities and creating sufficient conditions for effecting changes in the agricultural economic structure and for ensuring effective intervention in the market, if necessary. It is important to devise appropriate forms and measures to deal with state-operated business establishments that have operated at a loss for a long time. It is necessary to make preliminary reports on experiences drawn from the privatization pilot program to guarantee effective results and the correct orientation for future project implementation. It is important to evaluate the results of economic cooperation and increase the number of models that operate effectively while helping them with their expansion plans. It is also important to direct and provide cooperatives, cooperative households, and peasant families with scientific-technological knowhow, capital, and marketing. Plans must be worked out to encourage the private economic sector to follow orientations that benefit national welfare and the people's livelihood.

2. Regarding science, technology, and the environment:

Vigorous efforts must be made to step up research on the application of scientific-technological innovations to the industrialization and modernization program, keeping in mind the need to link scientific-technological activities with production and life and encourage business institutions to invest money to acquire new technology. Furthermore, it is necessary to adopt incentive measures to encourage scientists to show interest in production-related research areas; know how to learn effectively from the scientific-technological innovations of foreign countries; and contribute to gradually improving technology, labor productivity, and product quality. Efforts are needed to improve the management of scientific-technological work by linking the activities of scientific institutes with production and training. It is necessary to make wide and effective use of information technology to help improve administrative procedures and the performance of other economic sectors, foremost the financial and banking services. Bold steps must be taken to apply biotechnology to effect changes in the agricultural structure and henceforth produce a large variety of saplings and breeders of high yield and good quality.

As far as economic development is concerned, resolute measures must be taken to protect the environment to

meet both short and long-term development requirements. It is necessary to implement the environmental protection law and set up an environmental control network from the central down to the grassroots level. Serious action must be taken to deal with acts detrimental to the environment, natural landscape, and urban structures.

3. Regarding culture and education:

Continued efforts are needed to improve the quality of education and training; to design various forms of semi-private and private schools to better meet the people's learning needs; and to provide sufficient means, especially in terms of teachers, to achieve the universal elementary education and anti-illiteracy goals. Gradual efforts must be made to do away with the situation in which students must attend third shift class meetings or study in classrooms made of bamboo and leaves. Steps must be taken to consolidate and expand the system of boarding schools to provide general education for ethnic minority students. Rational efforts are needed to organize the system of universities and technical schools. Plans must be worked out to renovate educational and training methods step by step and overhaul in-service training activities. It is necessary to pay due attention to teacher's training activities; implement a proper compensation policy for teachers; and adopt a fair reward policy for good teachers and teachers who work in high-altitude areas, remote localities, and border or island provinces.

It is important to perfect the budget management and decentralized personnel administration mechanisms needed to oversee cultural and educational activities nationwide.

Efforts must be made to preserve and promote the nation's cultural heritage as well as strengthen state control over culture and information. Serious action must be taken to deal with violations of management principles and attempts to circulate cultural documents with bad contents, especially films and videotapes that promote violence and pornography. It is necessary to accelerate cultural and information services at the grassroots level and promote a culturally-fit family life. Continued efforts are needed to study ways to improve the policy toward writers, artists, and individuals who engage in creative work. Active measures must be taken to broaden cultural exchanges and diplomatic relations with foreign countries. Good and economical measures must be taken to commemorate major anniversaries in 1995.

It is necessary to improve the quality of radio and television programs and broaden radio and television networks to ensure that viewers nationwide can have access to the main programs of the central television station.

Plans must be worked out to provide training and supplementary training for cadres in charge of physical

education and sports activities. Due attention must be given to the promotion of high-performance sports events based on efforts to broaden the mass movement for physical education and sports activities. It is necessary to ensure the proper organization of the 1995 national sports festival, make active preparations for participation in the Southeast Asian Games, and stir up the potential of communities and families to achieve the goals of child care and protection. It is necessary to work out policies and measures to educate young people and help them earn their living and seek employment.

Assembly Resolution, Last Part

BK0911123894 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 7 Nov 94

["Second and last part" of a resolution adopted by the Ninth National Assembly's Sixth Session in Hanoi on 1 November 1994]

[FBIS Translated Text] 4. Concerning social welfare and public health issues:

Efforts must be made to ensure capital for various national programs aimed at creating jobs for workers through small-scale projects, especially in the highland regions, remote areas, and former revolutionary zones. We must strive to accelerate the movement to fight hunger and poverty, allot a portion of our budget to overcome the consequences of natural calamity in the localities, and satisfactorily enforce the labor code. We must seriously implement the regulation on preferential treatment for revolutionaries, families of sick and fallen soldiers, resistance activists, and those who have had meritorious service in the revolution while actively implementing the regulation on granting state distinction titles and Vietnamese Heroic Mother titles to qualified persons. It is essential to ensure and gradually improve the daily lives of those who are eligible for social welfare assistance. The government must study, revise, and supplement regulations governing cadres at the ward and village level while striving to adjust irrational procedures in the implementation of the new compensation plan on the basis of the general wage funds [toongr quyx luwowng] adopted recently by the National Assembly.

Efforts must be made to carry out the program on mother and child care and ensure physical fitness for the elderly. We must consolidate and improve grassroots public health stations, especially in mountainous and remote areas, while striving to set up first aid stations in all villages. It is essential to train and foster public health workers; apply preferential treatment to these workers in grassroots units; and promptly provide medicine and equipment to facilitate the prevention and treatment of malaria, leprosy, tuberculosis, and other diseases. We must provide sufficient iodine for the anti-goiter program, formulate measures to provide free medical checkups and treatment for poor people, increase capital for building material bases and buying equipment for

public health stations, build two high-standard public health centers in Hanoi and Ho Chi Minh City, satisfactorily manage private clinics, regulate public health and social welfare activities using appropriate measures and forms, quickly overcome negativism in the diagnosis and treatment of patients, and accelerate the implementation of the population and family planning program up to the year 2000. We must pay special attention to improving education and communications to promote the people's awareness of the family planning program while providing sufficient funds and technical services to attain the target of reducing population growth to 0.06 percent annually.

We must continue to carry out measures to prevent social vices, especially drug addiction, prostitution, and gambling. Positive measures must be taken to educate and provide treatment and vocational training as well as jobs to people in these categories. It is essential to deal with brothel owners and drug traffickers seriously and provide funds for and seriously implement measures to prevent HIV/AIDS.

5. Concerning national defense and security:

Efforts must be made to mobilize the entire Army and people throughout the country to maintain firm political security and effectively protect national sovereignty and territorial integrity while consistently enhancing our revolutionary vigilance to protect national security. We must strive to enhance our combined strength; positively build the universal national defense and people's security system; firmly combine the socioeconomic development plan with national defense and security; consolidate defense posts in the sea, offshore islands, and border areas; and build frontier security posts and comprehensively strong grassroots units. It is essential to enhance the quality of state agencies and responsible cadres in the echelons and sectors to carry out the national defense and security task effectively in accordance with their functions; implement the Army's rear area policy satisfactorily; improve the dissemination of laws; and mobilize the people to cooperate closely with law enforcement agencies to maintain social order, discipline, and safety and prevent crimes and social vices. Positive efforts must be made to enhance the combined strength of the armed forces; disseminate the military service law among the masses, especially the youth; increase capital for the national defense industry and funds for military and police academies; improve technical maintenance work; build standardized, pure, firm, and strong armed forces that have close relations with the people; and gradually improve the material and spiritual life of cadres and combatants in the armed forces.

6. Issues related to ethnic minorities and the mountainous regions:

We must pay special attention to investing as appropriate in areas inhabited by ethnic minorities and in the mountainous regions, especially infrastructure projects

such as building roads, electric power stations, communications lines, irrigation systems, and water plants. Efforts must be made to improve the economic structure to exploit the great potential of the mountainous regions; accelerate the transfer of land and forests to people's households; implement the general plan for the northern highland region; combine the economic development program with that of national defense; and revise the procedures on considering and granting loans for various projects and plans to plant trees on denuded hills, preserve forests, and develop industrial crops and animal husbandry. We must satisfactorily carry out the nomad settlement work, fundamentally resolve the migration issue, and set up funds or provide loans with low interest rates for economic development programs in areas inhabited by ethnic minorities and the mountainous regions.

We must continue to implement policies satisfactorily to support the highlands, border areas, poor areas, areas surrounding hydroelectricity dams, areas inhabited by Khmer people and badly damaged by flash floods, and areas that have stopped the cultivation of poppy plants. We must also conduct research and increase spending for an alternative to poppy cultivation in these areas. Active efforts must be undertaken to provide training for ethnic cadres and establish a system of policies to encourage teachers, medical officials, and science and technology cadres to participate actively in common efforts for the improvement of cultural, educational, and medical service in mountainous areas.

7. On foreign affairs:

On the basis of our policy to promote independence, sovereignty, peace, friendship, and international cooperation, we will continue to develop our achievements, strive to implement a foreign policy of openness under the motto of multiplying directions and diversifying relations, prepare the necessity conditions for joining regional and international organizations, and strengthen friendly relations and cooperation with all countries in the world. We will pay attention to protecting the legitimate interests of the Vietnamese people living overseas in conformity with international laws and practice and we will create more favorable international conditions for our cause of national construction and protection as well as for the strengthening of our position in the region and the world.

8. We will continue to accelerate the execution of the National Assembly's resolution on the practice of frugality and fighting waste, corruption, and smuggling. We must transform the execution of this National Assembly resolution into a widespread public campaign with active participation by the public and sociopolitical organizations to create concrete changes in 1995. We must strengthen and improve the work performance of the guiding mechanism for our anticorruption and anti-smuggling work. Those guilty of being involved in or abetting corruption and smuggling must be severely punished.

9. On heightening the efficiency of the state mechanism:

We must accelerate administrative reform and pay special attention to the description of power and responsibilities in different state organs, between central and local governments, and between different state sectors and localities. We must build a clean, simple, and efficient state mechanism. With the aim of ensuring the success of the people's committee elections for the 1994-1999 official term, we must strengthen the local government mechanism, particularly at the grassroots level. We must urgently retrain and train the contingent of government officials to meet the management requirements of the new structure. Civil servants who are unable to carry out their work or who have poor morals must be eliminated from the state mechanism. The regulation on the civil service must be quickly introduced. Legal, planning, financial, and monetary means must be used efficiently to improve state management and overcome the poor performance in economic and social management and in law enforcement.

We must establish close relations with the Vietnam Fatherland Front, mass organizations, and the public. We must listen to public opinion in order to amend our structures, policies, legal system, and management work quickly. We must renovate and improve the settlement of public complaints and consolidate and strengthen law enforcement agencies to ensure they are really clean and strong and can do a good job in their law protection work and in their fight against crime. Inspection, investigation, control, and judiciary work must be upgraded and the execution of court sentences must be carried out satisfactorily. We must proceed with the establishment of administrative tribunals to counter bureaucratism, totalitarianism, arbitrariness, and violations of the people's right to mastery. We will upgrade the performance of the National Assembly, National Assembly organs, and National Assembly deputies and gradually increase the number of specialized deputies to the National Assembly and the National Assembly committees along with our efforts to renovate and improve the information service for National Assembly deputies. The National Assembly will review and draw experiences in its supervisory role for an early introduction of regulations on the National Assembly's supervisory role.

IV. Implementation:

The government, responsible state organs, and all sectors and echelons are to establish practical plans to direct the implementation of this resolution according to their power and functions. They must increase their regular checks and review sessions to evaluate the implementation of this resolution. The government is to report fully to the next session of the National Assembly on the implementation of the 1994 socioeconomic planning and major issues arising from the execution of the 1995 planning. The National Assembly Standing Committee, the Nationalities Committee, and other National Assembly committees are to increase their activities to

supervise efforts to achieve important goals and duties outlined by the National Assembly.

The Vietnam Fatherland Front and its organization members are to accelerate their supervision over state organs and motivate people from all walks of life to participate actively in the successful execution of the resolution on 1995 duties. The National Assembly calls on people and soldiers across the country and overseas Vietnamese to develop our tradition of unity and heighten our willpower of self-reliance in order to make extra efforts to accomplish the 1995 duties toward the goal of a prosperous population, powerful country, and just and civilized society.

This resolution was approved by the Sixth Session of the Ninth National Assembly of the Socialist Republic of Vietnam on 1 November 1994 and signed by National Assembly Chairman Nong Duc Manh.

* Leadership at Military Party Organizations

952E0009A Hanoi TAP CHI QUOC PHONG TOAN DAN in Vietnamese Aug 94 pp 10-13

[Article by Senior Colonel Nguyen Duc Son: "Improving the Quality of Leadership of Party Organizations at Grassroots Units"]

[FBIS Translated Text] Grassroots party organizations hold a particularly important position in leading the implementation of the party's lines and policies and the army's tasks at grassroots units. Whether a grassroots unit is strong and can satisfactorily fulfill all its tasks depends entirely on the quality of leadership of grassroots party organizations. Resolution 79 of the Military Commission of the Party Central Committee asserts: Concentrating on improving the leadership and militancy of grassroots party organizations and bringing into full play their roles as the nucleus of leadership and unity in Army units are the most important and pressing task of military party organizations at this juncture.... The building of grassroots party organizations must be closely linked with the building of comprehensively stable and strong grassroots units and with the political tasks of these units. We must hold fast to the key task, namely the building of party chapters... This is the responsibility of all echelons and sectors and of the grassroots units themselves.

On the basis of thoroughly understanding and implementing the directives and resolutions of the upper echelons, in the past various levels and sectors in the entire Army have done many things to build grassroots party organizations. To date, grassroots party organizations have made progress in all respects—political, ideological, and organizational. Ideologically reinforced, the contingent of party members now has good political skill and is steadfast to the socialist objective, ideal, and path. Its confidence in the party strengthened, it does not vacillate in the face of difficulties and trials and remains absolutely loyal to the party, fatherland, and people. The

majority of party members have been able to preserve their pure quality and virtues and have strictly observed discipline. The results of performance evaluation at the end of 1993 showed that the number of truly vanguard, exemplary party members increased by 4.6% over 1992; the number of those who had developed shortcomings decreased by 1.19%; the number of those who had to be disciplined dropped by 0.62%; the number of new party members admitted in 1993 went up by 19.57% over 1992; and the number of new recruits in the first quarter of 1994 surpassed that in the first quarter of 1993 by 34.55%.

Various forms of grassroots party organizations and party chapters have been consolidated, perfected, and rendered more appropriate. The re-establishment of party chapters in full-strength companies has been actively carried out. The number of companies equipped with party chapters has increased by 10%; the number of grassroots party committee echelons has been stabilized; the contingent of grassroots party committee and chapter secretaries has been actively trained, and 60-65% of these secretaries have satisfactorily fulfilled their duties. Nearly all grassroots party organizations have formulated leadership regulations and have operated in accordance with these regulations. In so doing, they have recorded good initial results, firmly maintaining the party's principles and internal unity, further improving the overall quality of leadership, and clearly asserting their leading, activist role in building comprehensively stable and strong units.

In the period ahead, to continue improving the leadership and militancy of grassroots party organizations, in organizing party building at all levels we should continue to fully understand and seriously implement the objectives, requirements, and essence of party renovation and reorganization laid down by the Resolution of the Third Plenum of the party Central Committee and Resolution 79 of the Military Commission of the party Central Committee, as well as the regulations and systems already promulgated concerning the organization of party leadership in the Army.... We must concentrate on building grassroots party organizations in such a way as to achieve by all means the three objectives set by the Sixth All-Army Organization Conference, namely: *bringing about a radical change in the vanguard role of party members; stabilizing and developing an increasing number of pure and strong grassroots party organizations; and bringing about a far-reaching change in the thinking and sense of responsibility of all echelons concerning the building of grassroots party organizations.*

Building the contingent of party members is always a key link of party building in general and of the building of grassroots party organizations in particular. In the current situation, party committee echelons should attach special importance to fostering and enhancing the standards, political skill, knowledge, leadership, quality, virtue, revolutionary lifestyle, and work style of party members. This is aimed at ensuring that, under any

difficult and complex conditions and circumstances, the contingent of party members will always have fine political skill and unshakable faith in—and the firm will to follow—the socialist objective, ideal, and path; will have absolute confidence in the party leadership; will remain true to the party, the fatherland, and the people; will be constantly on the alert against the “peaceful evolution” strategy of hostile forces; and will courageously struggle in defense of the revolutionary ideal and the party’s viewpoints, lines, and principles. It is also designed to equip party members with knowledge and working ability to satisfactorily fulfill their functions and tasks; with a willingness to lead a pure revolutionary life, to maintain close contact with the masses, and to give their mind to the masses’ progress; and with an ability to correctly distinguish between common and personal interests and to avoid being corrupted by the pragmatist way of life.

Recruiting new party members is an important task aimed at developing the contingent of party members. In recent years, all echelons have attached special importance to party development. As a result, the numbers of party members admitted annually have increased, with the quality of new recruits ensured. Owing to this, the ratio of party members exercising leadership in the entire Army and in each grassroots party organization has been firmly maintained; party chapters in combat companies have been consolidated; and the militancy of grassroots party organizations has been enhanced. However, compared to the need to consolidate grassroots party organizations and to the actual capabilities, it is required that greater efforts be made. To gain experience, each grassroots party organization and chapter should organize reviews of party development in their party organizations and chapters—from the development and fostering of human resources to the assignment of party members to party development tasks. On this basis, they should enhance the understanding and sense of responsibility of all echelons and party members concerning party development and the making of plans for party development in their party organizations. All units should formulate plans for the selection of sources of new recruits right in the troop recruitment and induction process and should continuously foster these sources in the troop training process in their units. Officer candidate schools and intermediate technical schools should adopt plans for linking cadre training with party development when as soon as trainees arrive, and for linking cadre training with party member training at the schools. They should also devise concrete plans to enable the contingent of instructors to participate actively and effectively in party development.

Seriously and correctly analyzing the quality of party members is an important measure to build the contingent of party members. Party member quality analysis must be based on the new requirements of party member standards as stated in the Resolution of the Third Plenum of the party Central Committee and the Resolution of the Military Commission of the party Central

Committee. Each echelon should base itself on the nature of the tasks of its party organization and unit to determine appropriate specific required standards of each category of party member. Party member quality analysis must be linked with the fulfillment of each party member’s responsibilities and tasks. In 1993, generally speaking the analysis of party member quality in the Army was carried out more strictly, seriously, and substantially. However, surveys conducted in a number of units have shown that there still were the phenomena of people being treated with undue indulgence and leniency and that party member quality analysis was not done in accordance with official guidelines. The grassroots party committee echelons should direct this task in a stricter manner, so that party member quality analysis will have a real impact. The actual quality of the contingent of party members and of each party member should be accurately evaluated to serve as a basis for party organizations to work out plans to foster and screen party members, thereby contributing to improving the quality of the contingent of party members.

Closely linking the building of the contingent of cadres with the building of the contingent of party members is a very important matter directly deciding the building of grassroots party organizations and the improvement of their quality. In the past, various echelons have recorded initial results in carrying out this task, thus taking one step forward in overcoming the shortages of detachment cadres at the grassroots units and consolidating party chapters at full-strength combat companies. In the period ahead we should continue to do a better job of concretizing party member standards; linking these standards with the positions, responsibilities, and duties of cadres; linking party member quality analysis with cadre evaluation; linking the creation of the sources of officers with the creation of the sources of new party members; and linking the process of fostering and training cadres with the fostering and recruitment of new party members.

The party’s strength does not lie solely in its correct theories, programs, and lines, but also in the organizational development of the party and the achievement of the party’s unity of will and action through its organizational work. To ceaselessly strengthen its leadership, the party must not only concentrate on building a strong contingent of party members but also always pay attention to purifying and strengthening organizations, in particular grassroots party organizations. The Military Commission of the Party Central Committee has determined the direction of party building for the period ahead as follows: Concentrate our efforts on building grassroots party organization, in particular the four principal forms of grassroots organizations (grassroots party organizations in combat units, in administrative organs, in schools and academies, and in economic-building units). To implement this guiding policy and direction, each party organization should base itself on the characteristics, nature, and tasks of each kind of grassroots unit to lay down appropriate leadership guidelines for each form of party grassroots organization.

With regard to grassroots party organizations in combat units, we should concentrate on leading these units in improving the quality of their training; enhancing their standards, combat readiness, and capability to satisfactorily fulfill all tasks under any conditions and circumstances; strengthening discipline in their party organizations and units; and cementing the relationship between cadres and soldiers. Concerning grassroots party organizations in administrative organs, we should concentrate on leading their efforts to improve the quality of the service they render as the staff of party committee echelons and units; guiding units in successfully carrying out their duties; improving the understanding, thinking, political skill, knowledge, and specialized working abilities and responsibilities of cadres and party members, thereby ensuring that they will satisfactorily fulfill their tasks. Regarding grassroots party organizations in the academies and schools, we should concentrate on leading their efforts to improve the quality of their training subjects, programs, and methods, and should link cadre training and improvement with the training and improvement of new party members, thereby ensuring that all graduates are "both red and expert" and are at the same time cadres adequately equipped with knowledge, scientific expertise, and ability to fulfill their tasks and vanguard, exemplary party members. Concerning grassroots party organizations in units in charge of economic building and national defense production, we should concentrate on leading their efforts to improve the quality and results of their production in accordance with party positions and policies, state law, and Army regulations, thereby enabling them to conserve and develop their capital, increase their economic potential, maintain their national defense potential, ensure workers' stable employment and livelihood.... With regard to other forms of grassroots organizations, all echelons should base themselves on the tasks of grassroots party organizations defined by the Party Statutes and Regulation No. 71 of the Military Commission of the Party Central Committee to formulate appropriate specific guidelines to ensure that all forms of grassroots party organizations operate in accordance with their functions and tasks.

The building of pure and strong grassroots party organizations must be closely linked with the building of comprehensively strong grassroots units and with the implementation of these units' political tasks. Basing themselves on the direction given by the upper echelons concerning the requirement of building pure and strong grassroots party organizations and chapters and the requirement of building comprehensively strong units, all echelons should turn this direction into unified, specific requirements, norms, and guidelines for their party organizations. Analysis of the quality of grassroots party organizations must be based on the set requirements and standards, on the results of the building of comprehensively strong units, and on the level of fulfillment of units' political tasks to ensure a correct and uniform evaluation of these party organizations on

account of their actual performance. We must resolutely put an end to the state of classifying party organizations and chapters as pure and strong ones when they are not comprehensively strong and have put up only an average or poor performance of their duties. We must attach special importance to linking the perfection of command organizations with the consolidation and perfection of leadership organizations at grassroots units. When assigning command cadres to grassroots units, we must make sure that these comrades are persons of good quality, ability, and prestige and fully qualified to participate in party committee echelons and to contribute to strengthening the leadership and militancy of grassroots party organizations and chapters. At the same time, we must pay attention to stability and must create proper conditions for cadres to accumulate experience in performing command and leadership duties. After the holding of midterm congresses of grassroots party organizations and chapters, we must immediately educate the new party secretaries and party committee members in the basic elements and principles of party building and in the responsibilities and duties of party secretaries and party committee members. Along with assigning more cadres of good quality to grassroots party organizations, we should continue to do a good job of increasing party membership by seriously ensuring the quality of new party members while increasing their numbers, thereby actively contributing to perfecting party chapters organizationally, in particular the party chapters in combat companies, in accordance with the spirit of the guidelines laid down by the Sixth All-Army Conference on Organization. We must see to it that all full-strength combat companies have party chapters; these chapters must be strengthened step by step (so that each will have seven or more party members) to ensure that they are capable of leading their units in satisfactorily fulfilling their tasks.

The principles of party organization and activities must be seriously implemented at the grassroots party committee echelons and chapters. On the basis of the principles of democratic centralism, collective leadership, and individual responsibility, and the principle of the party leading units' work in all respects, we should continue to direct grassroots party organizations in formulating and improving the working procedures of party committee echelons, thereby ensuring that all activities and work of grassroots units—in particular cadre-related, financial, logistics, economic, and technical—are placed under the collective leadership of party committees. Along with formulating regulations and working in accordance with regulations, we should continue to improve the quality of the activities of party committee echelons and chapters to make these activities a real need of party committee members and party members and to ensure that their resolutions are practical and effective. To this end, we must directly guide grassroots party committee echelons and party chapters in devising procedures for issuing resolutions, in particular for the preparation of resolutions by party secretaries, who must know how to

select the key, most important issues on which leadership efforts are to be concentrated for each month and each quarter, and who, at the same time, must satisfactorily organize the implementation of resolutions by assigning clear-cut duties and responsibilities to each party committee member, which will serve as a basis for controlling and assessing the roles and responsibilities of individuals. We must overcome at all costs a current practice of many grassroots party organizations and party chapters, namely the issuance of general, unspecific resolutions which are but a carbon copy of the resolutions issued by the upper echelons.

Improving the quality of political organs, party secretaries, and political cadres is an important requirement contributing to improving the leadership quality of grassroots party organizations. Political organs, party secretaries, and political cadres are directly responsible for carrying out party building; therefore, they must be trained in order to have strong political skill, steadfast political stand, and sufficient knowledge and capability to conduct party building. They must also have work methods and work styles that would help them maintain close contact with grassroots organizations and the masses; have good quality and virtue; have a pure lifestyle; and show a high sense of responsibility and enthusiasm for their duties. We must gear the activities of political organs, party secretaries, and political cadres toward the activities of units and soldiers in order to educate soldiers in ideological standpoint and in developing a sense of responsibility for their duties and to encourage them to fulfill their tasks and discover—and

suggest to party committee echelons—those problems on which leadership and guidance must be concentrated.

Improving the leadership quality of party organizations at grassroots units is a task and responsibility of all cadres and party members. However, the responsibility of the upper echelons, in particular the echelon immediately above grassroots units, is very important. For this reason, the echelon immediately above grassroots units should study the real situation of grassroots units; work out targets, plans, and programs of action; and mobilize the cadre force of administrative organs to help grassroots units. It should train cadres and party members, in particular party chapter secretaries and cadres in charge of party work, to improve the standards, knowledge, experience, and ability to organize implementation of the contingent of cadres mainly responsible for party work. The subjects, methods, and forms of training must be abundant, diverse, and suitable for each person, such as seminar, specialized research, ad-hoc conference, good party chapter secretary contest, doing exercises, and so forth.

Guidance must be unified; plans must be specific; implementation must be resolute and thoroughgoing to completely resolve each problem; and there must be a division of labor, control, and supervision in the organization of implementation. At the same time, special importance must be attached to making preliminary and general reviews of the work already done and to studying past work and draw lessons therefrom to continue giving more realistic and more effective guidance.

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